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NEWS SUMMARY

GENERAL

Bulgaria returns terror gang

Bulgaria has returned to West Germany four alleged terrorists, including Herr Till Meyer, who was sprung free from Moabit Prison in West Berlin last month. He is accused of taking part in the murder of Berlin's chief judge in 1974.

Meyer was spotted by a West Berlin prison guard on holiday in Bulgaria. The three people arrested with him at a Black Sea beach resort have been identified as the women responsible for liberating him.

West German political leaders praised Bulgaria for its decision to send the terrorists back quickly, particularly as Bulgaria is not a member of Interpol and does not have an extradition treaty with Bonn. The prison guard may stand to gain about £80,000, the reward for information leading to the recapture. Page 2

Ogaden flare-up

Somali guerrillas claimed they had recaptured Gode, the main town in the southern part of the disputed Ogaden region of South-East Ethiopia after a fierce battle in the desert territory. Although Ethiopia did not confirm the report it is the first time since March that guerrillas have claimed recapture of a strategic centre. Eritrean leader on secret visit, Page 4

Homes evacuated

Repeated aftershocks threaten another earthquake in Salonica, Greece, where all buildings have been evacuated and 200,000 inhabitants are now living in parks, squares and other open places. About half a million people have fled from the city. In Bekes, South Hungary, power lines were cut and chimneys collapsed when earth tremors were felt.

Attack on critic

A bomb severely damaged the Buenos Aires suburban home of Sr. Juan Alemann, Argentina's Treasury Secretary, who has been at the centre of controversy after claiming that his country, 6-0 victors over Peru for a place in the final, spent too much money on the World Cup.

Bomb man jailed

A Provisional IRA volunteer was jailed for five years in Dublin for possessing firebombs in the city last year. Patrick Currie, 24, of Belfast, told the Special Criminal Court that the bombs were for use against the British forces in Northern Ireland.

Bungalow blast

An 85-year-old man, who did not want to spend two weeks in an old people's home, was found hanging in his garden after an explosion demolished his bungalow in the Devon village of Teigngrace, near Newton Abbot. Police said the bungalow appeared to have been soaked in petrol before the blast.

Vance proposal

Mr. Cyrus Vance, U.S. Secretary of State, said in an interview in a French magazine that the West Bank of the River Jordan and the Gaza Strip should be linked ultimately to Jordan. Mondale to assess Israeli flexibility. Page 4

Briefly . . .

Pakistan's Ambassador to the UK, Lieut.-Gen. Mohammad Akbar Khan, has died in London after an heart attack.

Former security officers are among 12 men to appear in the Dunstable Court next month charged with stealing vehicle parts worth £12,000 from Chrysler's van factory.

Lone bank raider shot and seriously wounded a security guard before grabbing £5,770 in a suitcase from Lloyds Bank, in Lozells, Birmingham.

Bath youth, 19, has been charged with the murder of nine-year-old Tessa Maddocks, found strangled near her home in the town on Wednesday.

Hijacked lorry carrying $1.6m in gold and silver was found with its cargo intact in North Stonington, Connecticut.

BUSINESS

Pound falls 1.15; Gilts unsettled

● STERLING fell 1.15 cents to $1.8380 and its trade-weighted index fell to 61.4 (61.5). The dollar rose sharply against other major currencies and its depreciation narrowed to 6.3 per cent (6.5).

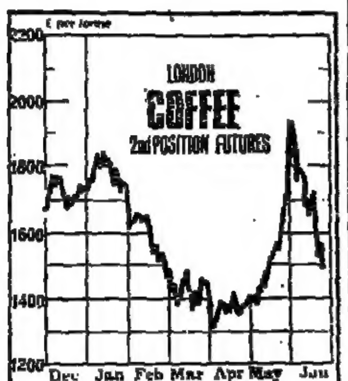
● EQUITIES were affected by poor results from J. Lyons and the FT ordinary share index closed 2.9 down at 452.7.

● GILTS were unsettled on possibility of a further rise in U.S. short-term interest rates and the Government Securities index closed 0.07 down at 69.69.

● GOLD fell $1¾ to $185¼ in London and the New York June settlement price was 50 points up at $186.40.

● WALL STREET closed 2.77 up at 827.70.

● COFFEE futures price fell £59 to £1,494.5 a tonne for September delivery due to continuing mild weather in Brazil.



● PRICE COMMISSION chairman has warned that the rate of inflation could pick up again this winter. Back and Page 6

● ELLERMAN LINES chairman has called for an urgent extension of the Government's recent debt moratorium plan for the UK shipping industry. Back Page and Lex

● BP CHEMICALS is negotiating a £20m deal to buy most of Monsanto's polystyrene interests in Europe. Back and Page 6

● BL CARS is to go ahead with its controversial plan to import Minis from its Belgian plant to meet any UK shortages. Page 8

● INDUSTRY SECRETARY will not intervene in BSC's plans to end iron and steelmaking at its Shelton plant. The plant will close today for the annual holiday and probably not reopen. Page 9

OIL

● BP has warned that delays in the construction of the Sullom Voe terminal could hamper Britain's attempt to reach oil self-sufficiency by 1980. Page 6

● PRESIDENT CARTER has warned that he may impose an import duty on oil if Congress does not pass legislation to bring the price of domestic crude up to world levels. Back Page; Editorial comment, Page 20

● SAUDI ARABIA has signed contracts worth $400m for the construction of a cross-country pipeline to export crude oil through the Red Sea. Page 5

● EAST GERMANY has agreed to supply Russia with technical expertise in return for extra supplies of oil and gas. Back Page

COMPANIES

● SIR JAMES GOLDSMITH has transferred effective control of his French empire, Generale Occidentale, to the Hong Kong quoted investment company, General Oriental. Back Page

● ASSOCIATED TELEVISION reports record pre-tax profits of £13.7m (£11.16m) for the year to March 26 on turnover up from £88.9m to £113.61m. Page 22

● RACAL ELECTRONICS pre-tax profit rose 52 per cent from £33.7m to a record £49.83m on turnover £61m ahead to £183.34m for the year to March 31. Page 23 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Mills and Allen Intnl.	182	+ 5
Ricardo Engineers	165	+ 8
Tunnel B	262	+ 4
Vectis Stone	30	+ 5

FALLS

Allen Harvey Ross	295	− 10
Baker Perkins	97	− 7
Daily Mail A	287	− 11
Finlay (Jas.)	375	− 7
Gen. Accident	202	− 8
Hillards	215	− 8
Hunting Associates	207	− 8
Land Secs.	203	− 5
Lookers	63	− 4
Lucas Inds.	298	− 6
Lyons (J.)	76	− 24
Mersey Dock Units	22½	− 4
Midland Bank	342	− 10
NatWest	255	− 11
News Intnl.	243	− 7
Rowlinson Const.	90	− 13
Standard Chartered	385	− 15
Stock Conversion	240	− 8
Tube Invs.	350	− 6
Oil Exploration	228	− 8
Anglo United Dev.	184	− 13
Central Pacific	490	− 60
Northgate Expln.	390	− 35
Pancontinental	£13	− ¼
Randfontein	£34½	− ½
Selection Trust	410	− 8

Singer plans £8m Scottish boost but loss of 2,800 jobs

BY CHRISTOPHER DUNN

Singer, the U.S. multinational, announced yesterday the loss of 2,800 jobs at its Clydebank sewing machine factory in Scotland. It is part of a four-year plan to restructure the operation—but the plant will also receive an £8m. injection of new investment.

Mr. James Milne, general secretary of the Scottish TUC said: "This is a catastrophe for Clydeside." Unions at the factory described the proposals as "totally unacceptable and unworkable." But, Singer proposals for the unions to come up with alternative plans are thought to have taken some heat out of the situation.

Clydebank, the largest factory in the Singer group, accounting for a fifth of its world production, has suffered total job cuts since last November of 3,300 in an area of high unemployment. Singer established itself at Clydebank in 1884 and the factory is said to be the oldest in Scotland to be still working.

Under the new scheme, Clydebank is to be the main production centre for a new line of high volume, lightweight sewing machines, comprising four models.

They will be sold in the U.S. and Europe and help Singer combat the threat from the Japanese, particularly in the U.S.

But, they will not incorporate the new Singer electronic technology for sewing machines, now built into machines made at Karlsruhe, West Germany and on which Singer is basing its growth hopes for the future.

Instead, more conventional electronic technology, will be incorporated into the new machines' speed controls.

Industrial sewing machine manufacturing, badly hit recently by the challenge from the Far East, is to be phased out from Clydebank by 1981 at the latest and will then be concentrated at the Singer plant in New Jersey. Clydebank's industrial sewing machine also has been hit recently by production problems.

Industrial needle production will be eliminated in favour of greater concentration on household needles.

Singer plans to bring Clydebank into closer contact with the three other European factories in the group, thus reducing its self-sufficiency. Nearly every step in sewing machine production, from metal casting to painting, at present takes place in the 2m sq ft factory.

The plan was the only way to save Clydebank, said Mr. Larry Milhon, a senior Singer executive, who announced the details yesterday to the workers, after a day of consultations with Whitehall officials in London.

"Demand for household sewing machines in Europe and the U.S. has shrunk from 5.2m machines in 1972 to 4.6m last year," he said.

Contraction of major markets had led to losses at Clydebank for the last three years. The 1977 loss was £2.6m. The industrial sewing side had not been profitable throughout the 1970s.

About 500 redundancies are expected—less than 20 per cent—and the main cuts will come through natural wastage and early retirement.

Mr. John McFadyen, works convener for the Amalgamated Union of Engineering Workers, said Singer had offered the factory a unique opportunity.

He was confident the work force could come up with a new product to fill the gap created by the rundown of the industrial sewing machine side.

Mr. Gavin Laird, Scottish executive of the union, said: "The unions will behave logically and not emotionally."

Mr. Bruce Millan, Secretary for Scotland, said that the loss of so many jobs at Clydebank, Scotland's longest established factory, was a matter of the greatest concern.

BNOC makes major new North Sea oil find

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH National Oil Corporation has made a significant North Sea oil discovery with its first well drilled under the latest round of licences.

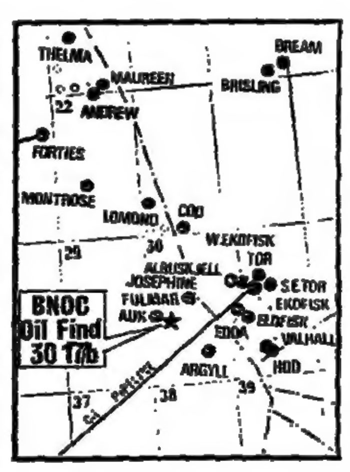
Further wells have to be drilled, but initial reports suggest that the field could contain between 250m and 500m barrels of recoverable reserves. That would make the reservoir a commercial size, and quite possibly larger than several fields now being exploited in the area.

The find lies in concession 30/17B, some 200 miles east of Dundee and just a few miles from Shell/Esso's Fulmar Field.

Shell and Esso each holds a 24.5 per cent stake in the BNOC concession, so any development will probably be linked with exploitation of the Fulmar Field. Common offshore loading facilities, for instance, might be used

BNOC said that oil flowed at a test rate of 4,975 barrels a day from one section of hydrocarbon-bearing rock.

Reservoir pressure should enable oil to be produced from a



commercial well at two to four times that rate. Industry reports also indicate that the well encountered three intervals of oil-bearing rock.

"Initial evaluation of this discovery is encouraging and further appraisal drilling to determine the significance of the accumulation will be carried out on the block," BNOC said.

The British drilling rig Atlantic I has now been released to evaluate oil prospects on block 211/18 to the north of the state corporation's Thistle Field, but BNOC is keen to drill one or two more wells on block 30/17b this summer.

BNOC has two prime reasons for wanting to evaluate the new discovery quickly.

First, its production team, which has just brought on stream the Thistle Field, would welcome a new development project.

Second, if the exploitation of the oil is to be linked to Fulmar, the partners might want to evaluate soon the size and type of offshore loading system that would be required.

The Government has just given Shell and Esso approval to develop the Fulmar Field at a cost of some £500m.

The field, with an estimated 500m barrels of recoverable reserves, is due to begin producing oil in 1981.

J. Lyons passes final dividend

BY ANDREW TAYLOR

J. LYONS' shares plunged 24p to 76p yesterday, knocking £10m off the group's market capitalisation, as the City took stock of the group's announcement that it will not be paying a final dividend—after pre-tax losses of £345,000 in the second half.

Group pre-tax profits in the year to March 31, 1978, fell 37½ per cent to £6.2m. The previous year the group earned profits of almost £10m and this time the City had been forecasting profits of between £11½m and £13½m. Turnover last year rose only 3 per cent to £790m.

Mr. Neil Salmon, chairman of Lyons, said that the group had decided not to "further erode reserves" by paying a final dividend. Losses after tax but before extraordinary items totalled £816,000 for the year while reserves had already been reduced by £4.9m—including provisions of £2m apiece against the closure of loss-making meat operations in France and against the group's investment in Spillers French.

With related advance corporation tax the cost to Lyons of maintaining their final dividend would have been £3½m. Shareholders' funds stand at about £122m.

Food operations in the UK were worst hit with trading profits more than halved at £5.7m. The group blamed a drop in consumer spending and stiff price competition. It also had some sharp words to say about the Price Commission's intervention on tea prices earlier this year.

Mr. Salmon said that the dislocation in tea trade, caused by fluctuating prices, had been "aggravated by inappropriate Governmental intervention" which had impelled blenders to make premature price reductions—a month before they were justified.

He said that dislocation in the tea market had cost the group nearly £5m profit—of which £1½m was a direct result of Government intervention on prices.

On the question of future dividend payments the group said that it intended to restore dividends to at least 1976-77 levels—provided that results for the year matched current trading trends.

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FEATURES

For latest Share Index 'phone 01-246 8026

Medieval art puts sale total at £11.6m

BY ANTONY THORNCROFT

In just over two hours in its main Bond Street saleroom in London yesterday Sotheby's auctioned works of medieval art from the Robert von Hirsch collection for £6,368,150.

This was a record for any single session in an auction house. The total also equalled the sum that Sotheby's brought in last summer during the week of the Mentmore Towers sale.

In the afternoon Renaissance works of art contributed another £880,786, bringing the von Hirsch total after four sessions to £11,666,498. With important Impressionist paintings still to come, the total initially forecast cautiously by Sotheby's at £8m, could well reach £15m.

It was difficult to forecast the prices for the medieval works of art because of their rarity, but Sotheby's expected German museums to be out in force.

It was no surprise, then, that the German dealer Reiner Zietz should pay £1.2m. (to which must be added a 10 per cent buyer's premium) for a Mosan enamel medallion of the angel representing Charity, made around 1150 probably by Godefroid de Claire. Zietz was bidding on behalf of the Staatliche Museen of Berlin.

This was the third highest price ever paid at auction for a single lot, being exceeded only by pictures by Velasquez and Titian. Agnews, the London dealer, almost certainly bidding on behalf of an overseas client, had earlier paid £1.1m for an enamel bracelet reputed to have been worn by the Emperor Frederick Barbarossa.

A Byzantine ivory relief of Christ in Majesty, made in Constantinople around 1050, sold anonymously for £830,000 while the British Rail Pension Fund, which has been criticised for investing in art, paid £550,000 for a 12th century English gilt altar candlestick.

Only three similar candlesticks are known to have survived. It is one of the few English items collected by Robert von Hirsch, a German industrialist who fled to Switzerland in 1934 and died, aged 94, last November.

The top price in the afternoon session was the £110,000 paid for a walnut polychrome group of the Virgin and Child produced in Ferrara around 1470.

Saleroom Page 6

£ in New York

—	June 22	Previous
Spot	$1.8410-8420	$1.8508-8518
1 month	0.48-0.42 dis	0.56-0.50 dis
3 months	1.40-1.30 dis	1.50-1.44 dis
12 months	5.05-4.45 dis	5.10-4.90 dis

Braniff gets go-ahead to fly Concordes

BY JOHN WYLES IN NEW YORK AND PAUL TAYLOR IN LONDON

BRANIFF INTERNATIONAL, the Texas airline, last night cleared the main hurdle to its plans for operating Concordes between Washington DC and Dallas-Fort Worth, Texas, when the U.S. Civil Aeronautics Board gave the service tentative approval.

At the same time, it was learned in New York, British Airways hopes to start a direct London-Dallas-Fort Worth Concorde service. It will seek authorisation for the service at UK Civil Aviation Authority hearings next week, when British Caledonian will make a rival claim to be the designated carrier for the route.

British Airways and Air France agreed more than a year ago to lease the aircraft they operate from Paris and London to Washington DC for an onward leg to Dallas-Fort Worth. Braniff said yesterday it hoped to start services in October to link the city supersonically three times a week with London and three times a week with Paris.

Apart from enabling the aircraft to win greater acceptance among American travellers the main importance of the agreement to the European airlines is that it will increase utilisation of their Concordes and take them closer to an operating profit.

Braniff, which seems certain to be the first U.S. airline operating Concorde, said the British Airways plan for a direct service did not affect its programme. It would start crew training for Concorde shortly. Braniff will not be able to fly Concordes supersonically on the domestic leg but aims to fly at 95 per cent of supersonic speed, saving about 22 minutes on the subsonic two and a-half hour trip.

Last night Mr. Harding Lawrence, Braniff chairman, said he was very pleased with the CAB's decision. He hoped formal government approval would be obtained in time to start services in October.

The airline hopes to include its orange colours on the Concordes used on the route.

Braniff expects Concorde flights to Texas via Washington to attract more businessmen to the route. Dallas-Fort Worth is the fourth busiest U.S. airport and Braniff runs many connecting flights from there.

Braniff has other plans for Concorde, which it hopes to put into effect after gaining operational experience. Principally, it would like to lease the aircraft to operate supersonically on its New York-Panama route.

The CAB's tentative approval for Braniff's application was taken without a formal vote and involves a request to its staff to show cause why the airline should not operate Concordes.

Assuming that the board's approval is endorsed, the only other obstacle is a Federal Aviation Authority certificate, needed for the aircraft to be used on a domestic route. The FAA has been conducting studies for several months and a certificate will apparently be issued shortly.

Carter refuses permission for any U.S. military aircraft to attend this year's Farnborough air show in September, Page 8

Callaghan for American talks on aircraft links

BY RUPERT CORNWELL, LOBBY STAFF

MR. JAMES CALLAGHAN will have talks in Washington this weekend with top U.S. industry executives. They may have a vital bearing on whether Britain collaborates in aerospace with Boeing or EEC aircraft producers.

Officials are also arranging for Mr. Callaghan, travelling to New York to receive an award commemorating the late Senator Hubert Humphrey, to meet President Carter. Aerospace is likely to feature in the leaders' conversations.

So far, the Prime Minister has arranged to see Mr. Frank Borman, chairman of Eastern Airlines, and Mr. Terry Wilson, chairman of Boeing, which has offered the UK a stake in its 757 airliner project. He may also meet representatives of McDonnell Douglas, which has made separate overtures to European manufacturers.

The Government is determined not to be rushed into making up its mind on the questions, which also concern Rolls-Royce and the impending purchase of new aircraft by British Airways, and decisions are unlikely until after the Western summits in West Germany next month.

France and West Germany insist on the need for Britain to collaborate with Europe. Mr. Callaghan, who will discuss the issue with President Giscard d'Estaing and Chancellor Helmut Schmidt, emphasises that no deadline exists and that the all-important consideration is to make the correct decisions.

EUROPEAN NEWS

Japanese bankers meet their match in W. Germany

BY GUY HAWTIN IN FRANKFURT

JAPANESE BANKING and broking house appear to have more than met their match in West Germany. A recently published survey here shows that they are having considerabl difficulties in building up what they consider to be a reasonable share of business.

Indeed, Europeans and Americans, so used to see aggressive Japanese competition, may derive wry amusement from the fact that many Japanese view the West German financial community as a "closed society." They find breaking into the domestic corporate finance market particularly difficult, and also appear to have trouble in the syndication of non-Japanese issues.

The report, commissioned and published by the business newspaper Handelsblatt, indicates considerable resentment both towards the German banks and about federal banking regulations. The Japanese appear to feel that things are far more liberal in Tokyo.

Handelsblatt's report shows that most of the large Japanese banks active in the Federal Republic began operating there very recently. While a number have had representative offices in Germany for well over a decade, most Japanese branch operations were started up after 1970 and many of the most important are less than three years old.

West Germany's "universal banking system" seems to have taken them by surprise. By contrast to Britain and the U.S., where deposit and investment banking functions are separated by law, German banks are free to offer the whole gamut of banking services under one roof.

The German banks are major investors in industry. They own a very large proportion of publicly quoted shares on issue and also control many shares that are in private hands because they exercise voting rights on equity deposited with them. They also own sizeable chunks of stock in many unquoted concerns.

While there are many arguments for this system, it undoubtedly gives German banks an advantage over foreign competitors when it comes to corporate credit. Japanese bankers, according to the survey, are greatly dismayed by the closeness of the relationship between German companies and their house banks.

Handelsblatt point out that generally Japanese banks in the Federal Republic fall into two categories. Those interested in financing foreign trade are situated in Hamburg or Duesseldorf, the city with the greatest concentration of Japanese companies in the Federal Republic. Those which are interested in brokerage, the stock exchange and "universal banking" in the German meaning of the word have set up in Frankfurt. Basically, it seems to be the Frankfurt banks that are having the greatest difficulty.

The Federal Republic's banking regulations are considered by the Japanese bankers to be very irksome—particularly the very tight capital to lending ratios imposed. This considerably restricts the ability of the Japanese banks, which, like most foreign banking subsidiaries, have relatively restricted capital bases, to compete with the major German banks.

The Japanese experience is, however, by no means unique. Most foreign bankers would agree that West Germany, particularly at the present time when demand for industrial credit is slack, is a very tough market for the non-German bank. Sympathy for the Japanese is, however, not conspicuous among foreign bankers.

"No doubt the Japanese believe that Tokyo is a far more liberal banking centre than Frankfurt . . . for Japanese, of course," said one leading foreign banker here. "In my view it is infinitely easier for a foreign bank to work in Germany than in Japan."

A German banker thought that language [illegible] of the greatest [illegible] Japanese faced [illegible] comparison with [illegible] bankers. [illegible] "German [illegible] are very [illegible] whereas most [illegible] or American [illegible] fluent in at least [illegible]

Foreign bankers in [illegible] do not entirely [illegible] British banker [illegible] although Japanese [illegible] appeared to have [illegible] English, they seemed [illegible] comfortable in [illegible] the problem, he [illegible] the German banks [illegible] started establishing [illegible] in Japan and [illegible] ships of the [illegible] between German and [illegible] and British banks [illegible] time to develop.

ELECTIONS IN ICELAND

Key NATO base threatened

BY REGINALD DALE, EUROPEAN EDITOR, RECENTLY IN REYKJAVIK

NATO STRATEGISTS will have their eyes on Iceland this Sunday, where a general election could replace a conservative-dominated Government by a left-wing coalition in which the Marxist People's Alliance would for the first time be the largest party. A major plank in People's Alliance platform is the island's withdrawal from NATO and the expulsion of U.S. forces from their important Keflavik base at its south-western extremity.

It is not difficult to raise the bogey of foreign domination in a country of 230,000 people so fiercely proud of their history, culture and independence. The Americans have shown remarkable sensitivity to the Icelanders' feelings by going to extreme lengths to disguise the presence of their up to 4,000 troops in Keflavik. GIs are not allowed to wear uniform or even to take goods from army shops on their restricted excursions outside the base, and the U.S services TV channel was recently switched to close circuit to prevent the local inhabitants receiving it.

Washington is offering to help build a new passenger terminal at Keflavik to segregate civilian travellers from the military, given that all international flights to Iceland have to land on the airstrip of the base. The offer has been denounced as eve-of-election trickery by the People's Alliance.

Loss of the base would leave a serious hole in Western defences in a key strategic area. Keflavik is the base for airborne and submarine surveillance of the North Atlantic approaches from Greenland to Norway, and the new American airborne early warning system (AWACS) will soon be operating from there. It already has distant early warning radar, Phantom interceptors, and listening devices to detect the passage of submarines. RAF Nimrods land at Keflavik, though not during cod wars, and British transport planes and aircraft from the Queen's Flight put in occasional appearances.

The island's importance is certainly not lost on the Soviet Union, whose ships are making increasingly frequent visits. The Soviet Embassy is by far the largest in Reykjavik, and, according to the Icelanders, the ambassador is well known to be a leading KGB expert on Nordic affairs. The Russians have recently been engaged in a long, but so far unsuccessful, tussle with the local authorities in a bid to establish a Soviet-financed weekly news magazine on the island.

There is no imminent danger of a Russian take-over. The main force behind the Icelandic Communists' hostility to the U.S. is nationalism rather than allegiance to Moscow. Indeed the People's Alliance claims to have invented something very like Eurocommunism a good 40 years ago. Not that it would necessarily accept the Communist label; the party would prefer to describe itself as "a socialist alliance of the Left reflecting a Marxist viewpoint."

The event that has focussed particular attention on the election was last month's dress-rehearsal municipal election, in which the Left made surprising and spectacular gains. The dominant partner in the ruling coalition, the conservative Independence Party, led by Mr. Geir Hallgrimsson, the Prime Minister, saw its share of the vote fall dramatically from nearly 50 per cent to 40 per cent. It lost control of Reykjavik, the home of half Iceland's population and the party's traditional power base for the past half century. The Independence Party's smaller left-of-centre partner, the Progressive Party, fell from just under 19 per cent to little above 15 per cent.

The People's Alliance, on the other hand, gained 7.4 per cent, points to finish with almost a quarter of the total vote, and the Social Democrats (also left-of-centre) made a similar advance to 16.5 per cent. The small left-wing Liberal Party could muster no more than 1 per cent.

If these results were repeated at national level, it would clearly be possible for the left-wing parties, the People's Alliance, the Social Democrats and the Progressives, to form a Government, forcing the Independence Party into opposition. But that is by no means a foregone conclusion. All sorts of different permutations will almost certainly be possible, and even that of the Independence Party and the People's Alliance joining in a new coalition not being excluded.

Mr. Geir Hallgrimsson . . . problems within his party.

STATE OF THE PARTIES
(May municipal elections)

	Swing	Percentage of total
Independence (conservative)	−9.1	40.0
People's Alliance (Marxist)	+7.4	24.5
Social Democrats (left-of-centre)	+7.8	16.5
Progressives (left-of-centre)	−3.6	15.2
Others	—	3.8

Moreover, it is by no means sure that the pattern will be repeated. The hope of the Independence Party is that those among its supporters who appear to have abstained in the municipal elections will rally in the national poll.

Even if the People's Alliance emerges as the leading partner in a new left-wing coalition, the Americans would not be asked to leave at once. The Social Democrats are pro-NATO, as are probably around two-thirds of the Progressives, and many would not join a coalition the main foreign policy objective of which was to take Iceland out of it. The People's Alliance would have to moderate its stand in the inevitably complicated negotiations preceding the formation of a new Government if it wanted to take part in it. It might settle for a bid to revise the defence agreement with the U.S., cutting back still further the number of American troops, on the understanding that a further success in the next round of national elections would be interpreted as a mandate for their total expulsion.

It would be difficult to draw that conclusion from a People's Alliance success this time round. Everyone knows the party's policy on NATO but the election, like the municipal poll before it, is being fought primarily on economic issues. Mr. Hallgrimsson's defeat last month was partly due to leadership and personality problems in his own party. The main reason was undoubtedly dissatisfaction with the way he has allowed inflation to get out of hand and the general failure of his economic management over the past 12 months.

Inflation, after falling to under 30 per cent a year ago, low by Icelandic standards, is now well on the way back to 50 per cent. Mr. Hallgrimsson mishandled the trade unions, first caving in to them and allowing wage settlements of more than 60 per cent over 12 months and then trying to cancel some of the increases when the inflationary impact became apparent. The angry unions have retaliated with a partial ban on the handling of exports (to strike at such short notice would have been illegal) at a time when the balance of payments is again deteriorating.

Some Icelanders see a parallel with this spring's French elections. They argue that the municipal elections, not usually held so close to general elections, gave the voters a chance to vote with their hearts in a first poll and that they will now vote with their heads to keep the People's Alliance from a major role in Government.

Bulgaria hands over German terrorists

BY LESLIE COLITT

BERLIN, June 22.

FOUR ALLEGED West German terrorists, identified as a Berlin prison escaper and the three women who freed him, have been captured in Bulgaria and returned to West Germany today. They were arrested at a Black Sea beach resort after being recognised by an official on holiday from the very prison at which the escape took place last month.

Herr Till Meyer was freed from Moabit Prison here while on trial with a group of others suspected of taking part in the 1974 murder of West Berlin High Court Judge Guenter von Drenkmann and the 1975 kidnapping of the West Berlin politician Peter Lorenz.

The embarrassing circumstances of Herr Meyer's prison break played a part in the resignation earlier this month of the West German Interior Minister, Herr Werner Maihofer.

Two women, posing as lawyers, entered the top security prison, then produced a machine gun and pistol and forced guards to hand over Herr Meyer. A third woman was waiting outside the front entrance of the prison in an escape van. These women, according to the authorities, were captured together with Herr Meyer in Bulgaria while on a holiday package tour. The wanted women escaped from prison in West Berlin in 1976.

The speed with which the Bulgarians handed over their four prisoners has been praised by West Germany, whose new Interior Minister, Herr Gerhart Baum, thanked Bulgaria for its "outstanding co-operation."

West German officials are congratulating themselves over recent arrests of terrorists attributing them to much closer co-operation between federal and state criminal police. There is some political irony in the fact that this co-operation was ordered by Herr Maihofer after a lack of co-ordination between the Federal Criminal Office and state criminal police allowed the kidnappers of president of the West German Employers Federation, Herr Hans-Martin Schleyer, to hold their hostage for days in a flat near where he was kidnapped in Cologne, with the police ignoring a tip from one of the building's occupants.

Anthony Robinson reports from Belgrade: The Bulgarian decision to extradite the suspected terrorists coincided with a debate here on anti-terrorism measures by the Security and Defence Commission of the League of Communists Congress.

Yugoslavia still holds four suspected West German terrorists—now in jail on the relatively minor charge of entering the country on forged passports. West Germany has requested their extradition, but Yugoslavia is holding out for a swop arrangement involving the extradition of Croatian extremists held in West Germany.

The main stumbling block in these negotiations and in Yugoslavia's general attitude to co-operation in this field is that it insists on making a distinction between acts of terrorism and the actions of national liberation movements. It considers that the actions of liberation movements constitute legitimate acts of guerrilla warfare.

Naples gun attack on executive

By Paul Betts

ROME, June 22.

TERRORISTS SHOT and wounded in the legs in a so-called knee-capping attack an executive of the state-controlled Alfasud car company in Naples tonight.

The shooting is the second terrorist attack in the last 24 hours. Yesterday the left-wing Red Brigades extremist movement claimed responsibility for the murder of a Genoa anti-terrorist police officer in a crowded bus in broad daylight. A group calling itself Armed Proletariat Fighters claimed responsibility for tonight's attack.

Alfasud is the southern subsidiary of a financially troubled state-owned Alfa Romeo car group which has recently become the target of increasing terrorist attacks.

Reuter adds from Turin: The jury in the trial of 46 alleged members of the Red Brigades went into its fourth day of deliberations today.

The two judges and six jurors retired on Monday to consider almost 200 charges against the defendants. The verdict had been expected today but court officials said it was unlikely now before tomorrow.

● A judge in Italy's Lockheed bribes trial, who was once a director of a company headed by two of the defendants, announced today he was resigning from the court.

Professor Orio Giacchi did not say why he decided to step down. But he stated that he was taking legal action against newspapers and magazines which have sought to link him with two key figures in the $2m bribes scandal.

Sig. Antonio d'Ovidio Lefebvre and his brother Sig. Ovidio Lefebvre are alleged to have been the pipeline through which the U.S. Lockheed Aircraft Corporation paid bribes to Italian officials, including two former Government ministers.

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Japanese TV companies in Taiwan to curb U.S. sales

BY CHARLES SMITH

TOKYO, June 22.

SUBSIDIARIES AND affiliates of Japanese companies in the Taiwan electronics industry have received official "guidance" to restrain their exports of colour TV sets to the U.S., it was confirmed today.

The guidance, originally issued in May, applies to companies in which Japan has a capital stake or which are using Japanese technology. Indigenous Taiwanese companies have not been subjected to the restraints but have been told that they must not use Japanese trading companies to sell their sets in the U.S.

The "guidance" calls on the companies concerned to keep their U.S. sales at or below last year's levels. Shipments to the U.S. in 1977 are thought to have reached around 400,000 sets but were running at far higher levels in the early part of 1978.

In February alone, according to Matsushita Electric, one of the companies covered by the new ruling, Taiwan shipped 124,000 colour TV sets to the U.S. The bulk of these shipments probably came from companies with Japanese affiliations.

In the four months to the end of April this year, total Taiwan colour television exports to the U.S. were up 326.6 per cent on the year, at 356,500 sets.

The Taiwan action follows nearly a year after the signature of an orderly marketing agreement (OMA) between Japan and the U.S. under which Japan's colour TV exports to the U.S. are restricted to 1.75m units per year for a three year period (expiring in August, 1980).

The restraint imposed on direct exports from Japan may have contributed to the rapid increase in shipments from Taiwan early this year. This, at least, would explain the Taiwan Government's decision to single out Japanese companies in applying its new export "guidance."

Another reason for limiting the measure to Japanese affiliated companies could be the desire to retaliate against Japanese companies which are stepping up business relations with the People's Republic of China.

Hitachi and Toshiba, both of which are deeply involved in the Taiwan electronics industry are currently competing to win a Y20bn export order for the supply of TV tube manufacturing plant to China.

Hitachi has a 100 per cent controlled Taiwan subsidiary which depends heavily on the U.S. market for colour TV sets. Toshiba has a nine per cent capital stake in Tatung Electric Corporation, a Taiwan-based company which makes sets bearing the Toshiba brand name and which also exports actively to the U.S.

The president of Tatung said recently that his company had received "no strict guidance" from the Taiwan Government on exports to U.S. This however presumably does not rule out the issue of an "informal" Government directive to the company.

Zenith decision praised

BY ADRIAN DICKS

BONN, June 22.

THE West German Economics Minister, Count Otto Lambsdorff, today expressed his "great satisfaction" at the decision of the U.S. Supreme Court in the Zenith case, which ruled that countervailing duties on Japanese electronic equipment should not be imposed. He hoped it would serve as a precedent for the American tax courts in dealing with the pending suit brought by U.S. Steel against European Community value-added tax rebates.

Count Lambsdorff praised the court's ruling as a strengthening of the U.S. Administration's view that rebates of indirect taxes on exported goods were not to be regarded as subsidies so long as they conformed to GATT regulations.

In this sense, said the Minister, the Supreme Court ruling was a positive contribution to the successful conclusion of the current GATT round.

Narita cargo problems 'over'

BY OUR OWN CORRESPONDENT

TOKYO, June 22.

JAPAN AIR LINES has been experiencing serious trouble with cargo handling at Narita Airport (the new Tokyo international airport). The airline also claims, however, that the "worst is over" and that cargo handling facilities have been functioning smoothly since the middle of last week.

Problems started to develop with JAL's JAL-Tos computerised cargo handling system shortly after Narita opened on May 21. The airline describes the difficulties as being both mechanical and human (in that operators apparently failed to cope with the complexity of the system when running at full capacity).

The failures resulted in cargo not being cleared in time for flights on the scheduled departure day and having to be held over to the following day. There were also heavy losses on incoming perishable cargoes.

The JAL-Tos system, which uses a Toshiba computer to control documentation and mechanical handling and cost $20m, was designed to be ready in time for Narita's originally scheduled 1973 opening date. During the five-year waiting period before Narita actually opened last month some modifications were introduced. The modifications were designed to allow for manual intervention in the system, a need which had been identified after snags developed with earlier systems which depended wholly on computer control.

JAL apparently calculated that the inclusion of manual control capability would enable it to avoid hold-ups or at least reduce teething troubles when JAL-Tos started to function, but this proved not to be the case. Problems were "far worse than expected" when the first big consignments of airfreight began to pile up at Narita in the last ten days of May.

JAL coped with the emergency by despatching a special cargo handling team to Narita in late May and by setting a June 15 deadline for "normalising" the system. The airline claims that the deadline was substantially met and that today cargo handling at Narita is "marginally better" than during the final months at Haneda (the badly congested former Tokyo international airport).

Doubts in Bonn about future of fibre pact

By Rhys David

THE EEC pact signed by 13 leading European fibre producers earlier this week aimed at bringing capacity into line with demand now looks as though it could be running into some opposition in Germany.

Reports from Bonn suggest the German government is unhappy with the provision in the agreement setting limits on delivery by producers. The limits are intended to ensure that while capacity reductions take place market shares remain the same.

The agreement has been actively backed by the EEC Commission Industry Directorate and further talks with the Germans may now have to take place. While accepting the need for capacity reductions the Germans will probably be arguing that limits on deliveries represent a breach of free trade. The German Government is expected to air its views in discussions next week.

If the Germans are unwilling to lift their objections some recasting of the agreement, due to come into effect from January 1, will be needed.

Lawrence Mills, Hong Kong's Director of Trade, said after the first day of talks with EEC officials that he was confident of settling the problems still affecting Hong Kong textile exports to the EEC by today.

The problems are mainly the certificate of origin of textile products and their classification. The EEC wants to be sure Hong Kong textile products really originate there and are not made elsewhere and stamped in Hong Kong.

Robert Gibbens writes from Montreal: The Canadian Government has concluded bilateral agreements with seven foreign countries limiting imports of clothing and textile products. The countries are Hong Kong, South Korea, China, the Philippines, Taiwan, Poland and Romania

The new restraints take effect on January 1, 1979, replacing quota agreements expiring at the end of 1978 and will last till the end of 1981, except for China, where the agreement ends at the end of 1980. The new agreements limit imports in 1979 to a level of 2 per cent more than 1975, and after that growth will be allowed to average about 3 per cent yearly. Permits will be required by Ottawa for all imports.

Saudi order for $400m. oil pipeline

BY JAMIE BUCHAN

JEDDAH, June 22.

THE SAUDI ARABIAN Government has signed contracts worth $400m (£220m) for the construction of a cross-country pipeline which will permit Saudi Arabia to export crude oil through the Red Sea.

Petromin, the Saudi state oil company, signed the orders with five companies for a pipeline from the Abqaiq terminal in the Ghawar oilfield to the Red Sea town of Yanbu. The 1,202-kilometre pipeline will have an initial throughput capacity of 1.85m barrels a day, destined for export via an expanded Suez Canal and the recently completed Sumed pipeline to the West to the European market. The Kingdom presently exports nearly 40 per cent of its oil to Europe.

Apart from its strategic significance in releasing the kingdom from dependence on a single and thus vulnerable outlet, the Gulf, the pipeline will also open the way for the development of Yanbu as a major centre for hydrocarbon based industry.

The awards went to five companies which will build the pipeline and 11 pumping stations. A sixth contract went to an American insurance group which will provide coverage during the construction work in very rugged conditions.

About 530 km of the buried pipeline will be built by an American-Lebanese consortium—SEDCO (South Eastern Engineering and Drilling Co.) of Houston and CAT, a Lebanese engineering company. The contract is worth about 380m riyals (about £60.3m), according to the Jeddah daily, Arab News.

The eastern half of the line is to be built by Saipem, the oil engineering arm of the Italian national oil company, ENI. Saipem's contract is reportedly of the same value as that of the Sedco consortium.

The power systems division of United Technologies Corporation received more than $120m (£66m) in contracts for the supply of all 33 of the modular industrial gas turbines which will move the crude in the pipeline.

The insurance award was lodged with American International Underwriters. Contracts for the oil export terminal at Yanbu have not yet been awarded. The parallel natural gas liquids pipeline which will provide fuel to power the crude pipeline has been put out to tender, though again contracts have not yet been awarded.

Bingham-Willamett of the U.S. has signed a contract to supply pumps for the pipeline.

Mobil Overseas Pipeline Company will be responsible for management of construction under an agreement signed in February last year.

Actual construction is expected to begin within the next three months and the pipeline ought to be completed in 1980. Deliveries of the 48-inch pipe were secured at preferential rates and have been underway at Yanbu since last year.

While the strategic aspects of the pipeline and the Yanbu export terminal must not be overstated over the pure considerations of industrial development, the Saudi oil minister himself, Sheikh Ahmad Zaki Yamani has said that the Soviet Union is following a policy designed to secure supplies of Middle Eastern oil. "According to the majority of reports, the Soviet Union will shortly need to import oil," Sheikh Yamani told an audience at Riyadh University in April. "The latest developments in the Horn of Africa may be only one step followed by others."

Tankers taking off oil at Yanbu, a decayed village some 340 km north of Jeddah, will be spared the passage of the straits of Bab el Mandeb at the southern end of the Red Sea. Saudi Arabia's dependence on the Gulf as the only outlet for its oil exports will diminish.

The sudden expenditure cut in the national budget from SR 145bn to SR 130bn, which seems to have occurred at the last minute, is an indication that there are fears in some Government circles that with the present glut on the world oil market, the Kingdom will have to scale down its ambitious development plan or be obliged to draw down foreign reserves—a move sources close to the Saudi Arabian Monetary agency reject as utterly unthinkable, because of the uncertainty this would cause in foreign exchange markets.

It is planned that SR 115bn of the national revenue will come from oil computed on the basis of a daily production rate of 8m barrels a day—a ceiling the kingdom had not begun to approach in the first five months of this year and it is hard to imagine it raising production levels further to flood a drowning market.

● Japan's Hitachi shipbuilding and engineering company has signed a $60m contract with Abu Dhabi's national drilling company to build three oil drilling rigs for installation by April, 1980, reports Reuter from Tokyo.

Priorities now outlined for trade negotiations

BY JUREK MARTIN

WASHINGTON, June 22.

THE LEADING trading nations have put resolution of the problems of selective safeguards, subsidies and countervailing duties at the top of their working agenda as they attempt to conclude a broad multinational trade agreement by the middle of next month.

The working deadlines agreed on in Washington this week are as follows:

June 30: To have agreed texts covering safeguards, subsidies and countervailing duties.

July 5: To settle differences over government procurement policies, to work out customs evaluations and standards codes (on both of which there is already substantive agreement) and to agree on a negotiating position with the developing countries.

No specific deadline for solving the question of access for agricultural products has apparently been set. However, next Monday Mr. Robert Strauss, the U.S. Special Trade Representative, will confer in Geneva with Mr Finn-Olav Gundelach, the EEC Agricultural Commissioner, in the hope of making progress on what the U.S. considers to be an area of overriding importance.

Working parties at official level in Geneva have already begun the final process. The current intention is for the four leading Ministers, Mr. Strauss, Mr. Wilhelm Haferkampf, the EEC Vice-President, Mr. Nobuhiko Ushiba, Japan's External Economics Affairs Minister, and Mr. Jake Warren, Canada's Trade Ambassador, to meet in Geneva on or about July 5 to take the final political decisions.

It now appears generally accepted that the United States will submit to Congress legislation requiring that "material injury" to a domestic industry be proved before action against competing imports is taken, thus bringing it in line with common international practice.

But, in return for this, the U.S. is still hoping for foreign concessions on the subsidy code. The U.S., for example, would like to see enacted what amounts to a catalogue of various sorts of subsidies, divided into the good, bad and forbidden classes.

£15m contract for tin plant

By Kenneth Gooding

THE Head Wrightson Machine Division of Davy International has won a £15m tinplate plant order for Yugoslavia in the face of competition from Japan, France and West Germany.

The Japanese price is believed to have been slightly lower, but the outcome was influenced by the fact that Head Wrightson has just brought on stream a similar electrolytic tinning line at British Steel Corporation, Ebbw Vale, which was successfully commissioned in record time.

The new plant will be the first electrolytic tinning line to be installed in Yugoslavia and will have a potential output of 150,000 tonnes a year. The plant includes coil preparation, shearing and inspection lines and will be located on the Hemijska Industrija Zorka site at Sabac, near Belgrade.

Delivery will be in mid-1980 and commissioning in September 1981. About 85 per cent of the equipment will be UK-made, much of it from Head Wrightson machine division's Cleveland works, while the main electrical equipment will be supplied by GEC Electrical Projects, Rugby.

Plessey wins Brazil deal

By Diana Smith

RIO DE JANEIRO, June 22.

PLESSEY OF Brazil, the local subsidiary of Plessey International, has won a $21.3m order for Sao Paulo's new area traffic control system against competition from Philips and Siemens—the largest contract of its kind in the world.

Under the terms of the agreement signed with the Sao Paulo municipality, Plessey will instal 500 sets of intersection signals, controlled by three mini computers, in Sao Paulo's busiest downtown streets and most heavily used traffic lanes in other parts of the city.

The Sao Paulo municipality claims that with savings in travelling time and fuel effected by a synchronised, computer-controlled traffic interception system, the new equipment will pay for itself within seven months. The first signals will be installed later this year and work will continue for the next three years. Part of the equipment will be manufactured in Brazil, and the three mini computers will be imported from the Digital Computer Company of the U.S.

Mortgage curb 'had little effect on prices'

By Michael Cassell, Building Correspondent

GOVERNMENT restrictions on mortgage lending had "little or no effect" on house prices, according to the Incorporated Society of Valuers and Auctioneers.

A national survey of estate agents carried out by the society suggests that the restrictions might have exacerbated rather than improved the price situation.

According to the agents prices throughout the housing range continued to rise substantially until the end of last month, when the survey was undertaken. Average prices in the three months to May rose by just less than 9 per cent.

Some agents are quoted as saying that prices will rise further as the lending cuts are gradually phase out, a conclusion which contrasts sharply with this week's statement by Mr. Peter Shore, Secretary for the Environment. He said he believed house prices were moderating.

Slight decline in May car output

Car production in May faltered slightly and for the first time this year output was below the average monthly level of last year.

The seasonally adjusted figure for May was 106,000 units, 3 per cent below the monthly average last year.

Output from March to May rose 4 per cent compared with the preceding three months, reflecting a relatively trouble-free period of industrial relations.

In the three months production for export rose 8 per cent while that for the home market was up 1 per cent.

Commercial vehicle production in May of 35,400 units (seasonally adjusted) was 7 per cent above the average monthly level last year.

General Motors plans second Ulster plant

BY ROY HODSON

GENERAL Motors is thought to be negotiating with the Northern Ireland Department of Commerce about setting up a second car components plant.

It would employ more than 1,000 in the high unemployment area of West Belfast.

Less than two weeks ago, General Motors announced plans to set up a plant at Dundonald to make seat belts. That £16m, project to employ 600 workers was welcomed as General Motors' first investment in Northern Ireland.

The plant now being discussed is expected to be even bigger—a £20m investment to employ, in addition to skilled workers, hundreds of people with no previous experience in engineering or the motor industry.

Beyond acknowledging that talks with a company have reached a delicate stage, the Department is refusing to give any details of the proposed Belfast development.

But it is probable that a special industrial assistance package is being negotiated by the Department of Commerce for General Motors. The Northern Ireland authorities have special latitude to finance incoming industrial projects backed by international "blue chip" companies.

Aid totalling more than 80 per cent of project costs is possible.

A major new industry would help restore morale in mainly Roman Catholic West Belfast, where traditional employment has been declining and where unemployment has been running more than 20 per cent at times during the last ten years of violence.

A guarded hint of the motor components project was given yesterday by Lord Melchett, a Northern Ireland junior minister, who told teachers from West Belfast secondary schools he was optimistic that job prospects would improve in future.

General Motors may intend to site its proposed European plant to manufacture brake retarders (a device to provide engine braking on automatic vehicles) in West Belfast.

The group has been looking for a suitable location and has been giving particular attention to the UK.

If the second General Motors plant is finally secured for Northern Ireland, the Province will be in a position to celebrate a more successful period of industrial expansion this year in the form of incoming investment than at any time since the 1960s, when the major chemical plants established themselves there.

During the last few months, Du Pont has decided to spend £30m on its Northern Ireland plant near Londonderry.

AVX Corporation, the world's biggest maker of multi-layer capacitors for the electronics industry, has embarked on a manufacturing plant for 600 jobs.

The first General Motors plant has been announced and Goodyear Tyre and Rubber Company has decided to establish a £3m research and development centre at Graigavon.

A second General Motors plant in Northern Ireland would also add weight to the Province's claim to be a major European motor components centre.

Related plants include the Ford carburettor factory, Michelin and Goodyear in tyres and rubber, Kent Plastics in dashboards, and Walker Tenneco making silencers.

The Northern Ireland authorities see a direct correlation between the rising interest being shown by international companies in the Province as a manufacturing centre and the decline in the number of violent incidents since 1976.

Peers back EEC ships plan

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BACKING for the EEC's attempts to produce an orderly and co-ordinated reduction of capacity within the shipbuilding industry came yesterday from a Lords select committee.

So far, the Commission's plan, based on a 46 per cent reduction in the capacity of the industry between 1975 and 1980, has made little progress. Britain has been among the most vociferous opponents of declared contraction targets.

The Lords committee on European communities accepts that the forecast of 2.4m compensated gross tons output for the Community's shipyards in 1980 is not necessarily reliable.

But it says that contraction of the European industry is inevitable and that any attempt to sustain higher output or capacity than the market can bear "can only lead to the continuation of aids or protective measures for a considerable period of time."

This would be incompatible with the Commission's fourth directive on support measures for the shipbuilding industry and would prolong the world crises in shipbuilding and shipping.

If capacity is to be reduced—and the report points out that some contraction has been implicitly accepted by Government policy so far—it is best to work for an orderly contraction and "reasonable to agree the order of that reduction, if not a precise figure."

The problem of allocating any cutbacks among member states is acknowledged. But, the report says that if cuts have to be faced, an agreement within the Community would strengthen its position in wider International negotiations on shipbuilding capacity within the Organisation for Economic Co-operation and Development.

Select committee on European Communities' Shipbuilding; Lords Paper 188; SO; £1.

Shetland delay may harm oil plan

By Ray Dafter, Energy Correspondent

DELAYS IN building the £878m Sullom Voe oil terminal in the Shetland Islands may hinder Britain's attempt to reach self-sufficiency in oil by 1980.

British Petroleum, operator for the group of companies that will use Sullom Voe, said yesterday that although the terminal would be able to receive some crude oil later this year it would not be ready to receive untreated crude before about March, 1980.

It hoped the terminal's treatment plant would be ready to process the crude and remove the gas content of the fuel next year.

BP said that late delivery of equipment was among reasons for the delay but the development might still be brought back to schedule.

If BP fails to make up for lost time the Government will have either to allow oil companies to separate and burn off gas in the oilfields or to hold up delivery to shore of untreated crude.

That might hamper Britain's attempts to reach energy self-sufficiency in the next 18 months, since the fields destined to use Sullom Voe are among the most important in the North Sea. They include Brent, Ninian, Heather, Hutton, Cormorant, Dunlin, Thistle and Murchison.

Where suitable equipment has been installed on offshore production platforms, it will be possible to return some gas to the reservoir and thus partly overcome flaring. Such equipment is being installed, for example, in Brent, the biggest field in the North Sea.

The Department of Energy, although concerned about the fresh delays, have made no comment. However, officials have told companies that they may not assume that permission will be given for gas flaring if the treatment facilities are not ready in time.

Consumer groups product liability plans attacked

BY DAVID CHURCHILL

DISAGREEMENT BETWEEN consumer groups and employers leaders emerged yesterday over proposals to make manufacturers more liable for defective products.

Three consumer organisations, in a joint statement, called for legislation to make manufacturers strictly liable for any injury caused by faulty products, irrespective of whether or not the company was negligent in production.

Such a move already has the backing in principle of the Law Commission as well as the EEC Commission, which has produced a draft directive advocating increased product liability.

The Confederation of British Industry yesterday made clear it felt that legislative changes which increased manufacturers' liability were unnecessary. The confederation also warned that more product liability would mean substantial costs for industry.

Sir John Methven, the confederation's director-general, said yesterday that the Government would have to share the costs of compensation from increased product liability.

"The State would have to carry some of the cost and it is, therefore, urgently necessary for the Government to define its policy on this issue," he said.

Sir John said that to protect themselves manufacturers would either have to take out additional insurance or set aside funds for possible compensation.

"In either case the cost must be passed on to the customers and in some industries it could be a very significant amount. "It follows that UK competitiveness in overseas markets could be reduced with consequent harmful effects on profitability and employment."

The three consumer organisations—the National Consumer Council, the Consumers' Association and the National Federation of Consumer Groups—disagreed with the confederation over the potential effects of product liability.

They argued that shop prices had not so far been substantially increased by retailers who are responsible for compensating people for defective products they buy.

"We believe that all the evidence indicates that the extra costs in the UK are not likely to prove particularly high for most industries," said Mr. Maurice Healey from the National Consumer Council.

Only about 1 per cent of all injuries were caused by defective products other than drugs and only about 5 per cent of these cases received compensation, which averaged under £500 each.

In the U.S., however, where product liability laws are already in force, an estimated 1m liability cases were filed last year. Compensation has run into millions of dollars and insurance premiums have risen by as much as 26-fold.

Crown Agents managing director is new chairman

BY MARGARET REID

A FORMER merchant banker, Mr. Sidney Eburne, who has been managing director of the Crown Agents since 1976, is to become chairman in October in succession to Sir John Cuckney.

Sir John, who is also chairman of the Port of London Authority and is to become a director of the Midland Bank and of the bank's Thomas Cook subsidiary, will be leaving after four years as chairman of the agents.

During that time, he has presided over the agents' recovery from their £22½m losses on secondary banking and property.

Mr. Eburne, 59, who was a director of Morgan Grenfell, the City merchant bank, joined the Crown Agents as finance director in June 1975, within a year of Mr. Cuckney's arrival there and became managing director in November 1976.

In May 1977 he was appointed a Crown Agent and a member of the agents' board, was well as chairman of the board of management.

He has been the top full-time executive since Sir John's role became that of part-time chairman last autumn.

Mr. Eburne, who will be full-time chairman, has been closely concerned with the reorganisation of the agents—and with its large property involvement in Australia, a subject for which he will retain particular responsibilty.

It is not stated whether a separate appointment will be made to the post of managing director.

Rebuilt Manx centre opens again

DOUGLAS'S Summerland entertainment and sports centre, destroyed by a fire five years ago in which 50 people died, was re-opened yesterday by Sir John Paul, Governor of the Isle of Man.

The original cost of its rebuilding was to have been £1.75m, but the final figure is expected to be nearer £2.75m.

The new centre caters for more than 3,000 people, has 365 fire doors, 17 main exits and a full-time team of specially trained fire patrol officers. The tragedy brought about new legislation on the island on fire precautions in the entertainment and hotel industries.

Plessey men's jobs concern

REDUNDANCIES are expected at the Plessey Telecommunications works at Edge Lane, Liverpool. The management said yesterday that nearly 200 men will be redeployed across the region, but shop stewards claim that there are not this number of vacancies. Plessey has closed two factories on Merseyside and cut down the workforce after contracts with the GPO were lost.

Transport merger

Two of Britain's biggest transport user groups, the Freight Transport Association and the British Shippers' Council, have decided to merge from the end of this year.

Captain Broadie Hoare, secretary of the Shippers' Council, said last night that in recent years the work of the council had multiplied threefold and the merger with the freight association would give the council more administrative back-up as well as helping to draw new members.

Air travel growth

The number of passengers using the seven airports owned by the British Airports Authority is expected to rise from 34.4m this year to between 73.4m and 119.2m by 1992.

The latest traffic forecasts by the authority suggest an average rate of growth for the next 15 years of between 5 per cent and 8.5 per cent for airports in the south-east and between 3.4 per cent and 7.0 per cent for Scottish airports.

£24.5m contract

The submarine systems division of Standard Telephones and Cables has won contracts worth £24.5m for the manufacture and supply of two high-capacity undersea telecommunications cable systems worth £24.5m. They will run between the UK and Spain and the UK and the Netherlands.

The contracts are for the NG-1 45MHZ system, which offers the world's largest capacity and is capable of carrying up to 5,520 telephone circuits.

Times appointment

Mr. Paul Crowe is joining Times Newspapers as Production Director from July 10. He is at present Deput yDirector of Manpower at Mirror Group Newspapers.

● NEWS ANALYSIS: BP CHEMICALS—MONSANTO DEAL

Joining Continental 'big league'

BY SUE CAMERON

THE £20M deal BP Chemicals is negotiating with Monsanto marks another step in the company's attempts to integrate its activities and so improve the economic loading on its basic, highly capital intensive, petrochemical plants.

If the deal goes through—and there is no reason to suppose it will not—BP Chemicals will gain control of the whole of Monsanto's polystyrene and expandable polystyrene business within the European Economic Community boundaries.

BP Chemicals will also acquire full ownership of Forth Chemicals, the UK styrene monomer producer in which it already has a 86 per cent share.

The gain here for BP is that it will have a guaranteed outlet for its styrene production. The deal will also put BP among the top five European producers of polystyrene. And, together with the agreement between BP and Union Carbide—announced last week, it will give the company a substantial stake in the European plastics market.

BP Chemicals has two naphtha crackers—naphtha is one of the basic products of an oil refinery—and a third cracker, being built jointly with ICI, is due to come on stream at the end of this year.

Naphtha is cracked into a number of fragments, one of the most important of which is ethylene. Four major polymers can be derived from ethylene—polystryrene, high and low density polyethylene and polyvinyl chloride, better known as PVC.

Forth Chemicals' plants, sited alongside BP's naphtha crackers at Grangemouth in Scotland and Baglan Bay in Wales, produce 220,000 tonnes of styrene monomer a year. At present 40,000 tonnes of this is used to make polystyrene at BP's factory in Stroud, Gloucestershire.

A further 170,000 tonnes is sold to Monsanto for use in its polystyrene factories at Newport in South Wales and at Wingles in France. The forthcoming deal with Monsanto will mean that BP Chemicals will now be certain of having an outlet for almost all of its styrene monomer production and this at a time when the basic petrochemicals market is depressed.

BP will take over the entire Wingles plant and although Monsanto will retain ownership of the Newport factory, all the styrene produced there will go to BP. The company will also be acquiring Monsanto's technical services and commercial interests. As a result, BP Chemicals will have a substantial presence in the continental polystyrene market for the first time.

BP already has a production capacity of 230,000 tonnes of PVC in Wales and about 110,000 tonnes of high-density polyethylene in Scotland. Its deal with Union Carbide will put it into the low-density polyethylene field with an annual production capacity of 250,000 tonnes a year.

BP Chemicals says the fact that it will be in Europe on a wholly-owned basis and will also be producing all four of the ethylene polymers will put it into "the big league" on the continent. It reckons the new moves will make an impression on potential customers and it says they will also bring about a change in BP's whole style and approach.

Meanwhile Monsanto will be glad to be relieved of its polystyrene business within the EEC. Monsanto is not fully integrated into basic raw materials in Europe and it believes that prospects for its polystyrene production are therefore unattractive.

It says it has been finding it economically tough to support polystyrene marketing and commercial activities when it has no styrene monomer plant or naptha crackers in Europe.

BP's naptha crackers in Scotland and Wales produce propylene and butadiene as well as ethylene and in these two sectors the company is not nearly so well integrated. It has a production capacity of 500,000 tonnes of propylene—used to make polypropylene among other things — and about 110,000 tonnes capacity of butadiene.

BP point out that ethylene is a more important naptha fragment than propylene or butadiene but it adds that it "always has an eye on better integration" and is on the lookout for acquisitions in these other two areas. Polypropylene is now the onyl major plastic material in which BP is not represented

Mr. Len Burchell, BP Chemicals' managing director, has said: "We do not have the protection of a sufficient diversity of chemicals' activities which will go on providing profits when other parts of our business are having a bad time" The Union Carbide and Monsanto deals are signs that BP is now making a real effort to spread its business risks.

BP CHEMICALS INTERESTS

Product	Plants	Annual Capacity
High density polyethylene	Grangemouth	110,000 tonnes
Low density polyethylene	Grangemouth	100,000 tonnes
	Antwerp	150,000 tonnes
Poly vinyl chloride	Baglan Bay and Barry	230,000 tonnes
Polystyrene	Wingles	130,000 tonnes
	Newport	40,000 tonnes
	Stroud	40,000 tonnes
Propylane	Baglan Bay and Grangemouth	500,000 tonnes
Butadiene	Grangemouth and Baglan Bay	110,000 tonnes

Guilty verdict in dollar premium case

JOHN BARNES, self-styled King of Colonia, was found guilty at the Old Bailey yesterday of being concerned in a £1m fraud plot.

Barnes, 47, an economist and company director, who was also known as Prince John de Mariveles, of Canford Cliffs, Poole, Dorset, was convicted of being concerned with others in a fraudulent scheme to obtain money from authorised currency dealers by pretending that currency they had to sell was investment currency attracting the "dollar premium."

Judge John Buzzard said he would pass sentence on Barnes today, along with five others who were convicted of related offences at an earlier trial.

Mr. David Tudor Price, prosecuting, said that the plan was to gain the "dollar premium" on non-existent foreign investments. Had the fraud succeeded, the Bank of England or the British public would have lost £1m.

Barnes denied having any part in the fraud plot. He said he had become the 'king' of Colonia, an uninhabited group of islands in the South China Seas in which he had acquired an interest.

Barnes claimed seismological studies had shown that there was more oil under the islands than there was in the Persian Gulf. He saw a solicitor, Brian Wooding, with a view to obtaining documents similar to the North Sea oil leases and while he was with Wooding, the solicitor talked with a man known as Keith Gardien about "dollar premium" shares.

Engineering orders stay at December 1977 level

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

CONTINUING UNCERTAINTIES in large areas of the engineering industry are reflected in figures today from the Department of Industry.

At the end of the first quarter of 1978 the industry's order books were unchanged from their level in December last year.

Over the three months, new orders rose by 2 per cent while total sales were 3 per cent better than at the end of 1977.

The department notes in the magazine Trade and Industry that the volume of home orders-on-hand has made no lasting improvement yet from the extended trough it entered at the beginning of 1977.

New orders for the home market faltered in the first quarter so the provisional estimate of trends in March was only marginally higher than the level in December.

The increase in the trend of new export orders during the quarter was 4½ per cent, but that was partly influenced by the coincidental arrival of a few large contracts in February. Seasonally adjusted figures for January and March were well down on the average intake last year.

The high order intake for the quarter lifted export order books by between ½ and 1 per cent. According to the Engineering Employers' Federation, the outlook for the rest of the year is for continued slow recovery.

Stradivari violin fetches £56,000

WHILE SOTHEBY'S main saleroom yesterday saw the important sale of the Robert von Hirsch collection, the auction house took over the Royal Watercolour Society Galleries for a sale of musical instruments which totalled £204,166.

The top price was £56,000 paid by an anonymous bidder for a violin by Stradivari, known as the Graf Von Der Goltz Stradivari.

Shimokura, a Japanese dealer, paid £30,000 for a Cremonese violin by Antonio Stradivari, made around 1670, and Beares of London £15,000 for a 1675 violin by Andrea Guarneri. Shimokura also paid £13,000 for a violin by Pietro Landolfi of Milan.

At Sotheby's Belgravia, a silver sale totalled £55,801, a Frank Cobb five-piece tea set fetching £1,350.

Christie's South Kensington sold 16 personal scrapbooks belonging to the Hon. Charles Rolls, of Rolls-Royce, for £3,600. They were bought by the company.

Christie's also held a sale of English furniture and objects of art which totalled £52,116. An anonymous buyer paid the top price of £1,900 for a George I walnut tallboy.

Adams, the London dealer, paid £1,500 for a Regency mahogany framed Cary's terrestrial globe dated 1829, and an anonymous bidder £1,250 for a decorated 17th century black and gold lacquer cabinet.

At a Christie's sale in New York of 18th, 19th and 20th century American paintings, drawings and sculpture on Wednesday, an anonymous buyer paid £12,222 for a white marble bust of Ginerva—a Florentine legend of the Middle Ages—by Hiram Powers.

The first day of Stanley Gibbons' two-day auction of international stamps realised £20,439. A used pair of French 40 centimes orange stamp of the 1870-71 issue realised £500.

An unused pair of Australia's 1974 30 cents stamp depicting the bush-tailed possum, sold for £425, and an Austrian 1936 Dolfuss Sch.10 stamp fetched £310.

SALEROOM

BY ANTONY THORNCROFT

£700 for a Sauternes

BY EDMUND PENNING-ROWSELL

CHRISTIE'S half-yearly sale of "finest and rarest" wines yesterday set a number of record prices, many of them provided by American buyers.

The top price in London for a single bottle of Sauternes was the £700 for Yquem 1858. The previous record was £270 for a bottle of the Yquem 1870 paid in 1970.

Another remarkable price was £110 for an ullaged bottle of Lafite 1875, which in the 1970 Meyrick sale fetched only £6.

A single bottle of Verdelho 1779, the oldest Madeira sold at Christie's since regular wine sales began in 1966, brought £120, while one of Schloss Johannisberger Goldbeerenauslese 1893 went for £155, a record for a 19th century German wine.

The highest price in the third session of this all-day sale was £1,050 given for a single bottle of Lafite 1832, followed by £780 for a magnum of Lafite 1870. Both were bought by American bidders. Three magnums of Cheval-Blanc '45 made £420, and six magnums of Lafite '47s fetched £600.

Prices of first-growth '49s in magnum were very high: Mouton-Rothschild (£490 for three), Latour (£640 for six) and Cheval-Blanc £260 for three.

In the afternoon a sale of corkscrews, old bottles and viniana fetched £13,181.

QUARTERLY REPORT OF THE PRICE COMMISSION

Weighing in against checks and balances

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

IT IS almost a year since the Price Commission, variously described as a "star chamber with mafia-type powers" and an effective addition to the Government's competition armoury, started work.

In that period industry's fears about how the commission would use its discretion have—with a few exceptions, such as those expressed by the tea manufacturers — been largely confounded. So have any hopes the Government might have had of the commission hitting the headlines as the housewife's champion. Recommendations about the price of cement are hardly front page news.

The 10 months of operations have also given the Price Commission time to come to grips with the legislation it administers. Judging by the commission's report for the quarter to April 30, published yesterday, it is far from satisfied about some of the details of the Price Commission Act.

Mr. Charles Williams, the commission's chairman, said yesterday that he thought the basic policy was correct. Selective, flexible, investigations were more effective than the old rigid price controls—the last vestiges of which are due to expire at the end of July.

The abolition of margin control in the summer would not, he said, reduce the commission's effectiveness as most companies were still trading way below their statutory profit ceilings. It would allow the commission to shed some of its staff however.

Mr. Williams made it clear that he was very unhappy about some aspects of the legislation, which came into effect last August when the old system of cost-based controls ended. His biggest worry seemed to be the profit safeguards which were written into the legislation after much lobbying by the CBI and which are now under review in the Department of Prices.

These provisions, which even those in favour of precise, numeric safeguards admit, are excessively complicated, protect a company's profits from the effects of a commission investigation. They come into effect at two stages and are geared either to a company's historic profit performance or to return on turonver.

Firstly, they protect a company's profit from the effects of a price freeze during one of the commission's three-month investigations. Secondly they protect profits from the effects of any price restriction the commission might recommend on completion of an investigation.

In the commission's view these safeguards severely limit its options. Mr. Williams emphasised it was not that the commission was opposed to some kind of safeguards, but that, like Mr. Roy Hattersley, the Prices Secretary, it did not feel that the existing numeric safeguards were compatible with what was supposed to be a discretionary system of controls.

Mr. Williams said that the commission had found the safeguards to be "a fundamental constraint" in some circumstances on its ability to make recommendations.

In some ways this statement will be music to Mr. Hattersley's ears. He has never liked the safeguards, but the present political situation means there are very narrow limits to what he can do about them.

It is generally recognised in both the commission and Department of Prices that there is little chance of switching to discretionary safeguards at this point. All that might be done is modify them.

Mr. Williams' first objection to the safeguards is that they oblige the commission to calculate an entitlement to a price increase against a set of "mechanistic rules independent of the criteria" which are supposed to provide the basis of the legislation.

Second—and this is probably the criticism which is likely to strike a sympathetic chord with those Labour MPs who want to tighten the provisions — Mr. Williams says the safeguards have influenced the options open to the commission both in deciding to investigate a company, and in the conduct of an investigation and the framing of recommendations.

What he is saying in effect is that it undermines the purpose of an investigation if, because of the safeguards, the commission can never recommend a restriction in price. That is true of most of the nationalised industries whose profits are below the safeguard levels before the commission has anything to do with them.

To make matters worse for Mr. Williams the commission often does not know before it has announced a reference whether the company in question will be able to invoke the safeguard provisions. This, he says, limits the commission's ability to carry out its duty under another section of the Act, which says it has to have "regard to all matters relevant with a view to restraining prices."

In other words, the two sections of the controls are, in Mr. Williams's opinion, contradictory because an interim increase, once allowed, cannot be rolled back whatever the commission discovers during an investigation. There is no point in it considering prices if it knows it can do nothing about them.

Mr. Williams also pointed to the fact that once the old Price Code, which embodies margin control, expires in the summer, some changes will have to be made to the safeguard regulations because the two things are inextricably intermeshed.

It is not only in relation to safeguards that Mr. Williams takes issue with the drafters of the Price Commission Act. He also says in his report that the criteria themselves are causing problems during sectoral examinations.

Sectoral examinations are when the commission looks at a whole sector rather than an individual company. The criteria, he feels, are better suited to individual company investigations and, in an ideal world, would be modified.

Mr. Williams, perhaps conscious that the commission is hardly popular with the Tories, has been at pains to try to keep out of the main political arena. But he is enough of a politician to know that the chances of getting any major changes to the legislation through the House of Commons are limited.

For this reason, the best he can hope for is some modification of both the safeguards and the notification requirements which were the subject of joint study by the commission and the CBI.

MR. JEKYLL.

In this version of the story, the potion that turns a rational man into a snarling wreck is a strong dose of bad environment.

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The important is elbowed out by the urgent. Long term considerations have to play second fiddle to solving today's problems.

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But it will help. A new start, in a new factory, in a green and pleasant place, makes life much easier for the shopfloor and the boardroom alike.

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And a unique combination of town and country, industry and housing, trees and fields, highways and byways.

They are all a help when it comes to preventing British industry becoming Hyde-bound.

MR. HYDE.

FOR FURTHER INFORMATION CONTACT: DIRECTOR OF COMMERCE, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8LX. TEL: MILTON KEYNES (0908) 74000.

MILTON KEYNES

APPOINTMENTS

COMPANY NOTICES

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER PAYMENT OF COUPON No. 138

With reference to the notice of declaration of dividend advertised in the Press on 2nd June 1978, the following information is published for holders of share warrants to bearer.

The dividend of one rand (R1.00) per share was declared in South African currency. South African non-resident shareholders' tax at 15 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 85.00 cents per share.

The dividend on bearer shares will be paid on or after 4th August 1973 against surrender of coupon No. 138 detached from share warrants to bearer as under:

(a) At the office of the following Continental paying agents:

Banque Rothschild
21 Rue Laffitte.
Paris 9e

Banque Bruxelles Lambert.
2 Rue de la Regence.
1000 Brussels

Societe Generale de Banque.
3 Montagne du Parc.
1000 Brussels

Credit Suisse.
Paradeplatz 8.
Zurich.

Union Bank of Switzerland.
Bahnhofstrasse 45
Zurich.

Swiss Bank Corporation.
1 Aeschenvorstadt.
Basle 4002.

Banque Internationale à Luxembourg.
2 Boulevard Royal,
Luxembourg.

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa payment will be made in United Kingdom currency either—

(i) in respect of coupons lodged prior to 21st July 1978 at the United Kingdom currency equivalent of the rand currency value of their dividend on 25th July 1978; or

(ii) in respect of coupons lodged during the period 21st July 1978 to 25th July 1978 both days inclusive at the United Kingdom currency equivalent of the rand currency value of their dividend on 31st July 1978; or

(iii) in respect of coupons lodged on or after 27th July 1978 at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments in United Kingdom currency in respect of coupons deposited at the London Bearer Reception Office unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made the net amount of the dividend will be the United Kingdom currency equivalent of 66 cents per share arrived at as under:

	South African Currency Cents per Share
Amount of dividend declared	100
Less South African non-resident shareholders' tax at 15%	15
	85
Less U.K. income tax at 19% on the gross amount of the dividend of 100 cents	19
	66

Should the amendment to the U.K. Finance Bill reducing the basic rate of U.K. income tax to 33% be sustained and enacted before the payment date of the dividend a further notice will be published amending the above figures.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

London Office:
40 Holborn Viaduct,
EC1P 1AJ.

22nd June, 1978

NOTE—The Company has been requested by the Commissioners of Inland Revenue to state. Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 19% instead of at the basic rate of 34% represents an allowance of credit at the rate of 15%.

LEGAL NOTICES

No. 001917 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of STATUS DEVELOPMENTS LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 7th day of June 1978 presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE [illegible]

No. 001895 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CEMLEX LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company [illegible]

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners

PUBLIC NOTICES

COUNTER-INFLATION ACT 1973
NOTICE
under section 6(5)

[illegible]

Signed N. E. GODFREY,
Price Commission

COUNTER-INFLATION ACT 1973
NOTICE
under section 6(5)

[illegible]

Signed N. E. GODFREY,
Price Commission

HERTFORDSHIRE COUNTY COUNCIL

[illegible]

COMPANY NOTICE

ECUADOR 4% (2½%) SALT LOAN

The Council of Foreign Bondholders [illegible]

COUNCIL OF FOREIGN BONDHOLDERS
9-12 Cheapside,
London EC2V 6AB.
23rd June, 1978.

HOME NEWS

U.S. bans military aircraft from Farnborough show

BY LYNTON McLAIN

THE U.S. GOVERNMENT has refused permission for any American military aircraft to attend this year's Farborough air show in September.

The move is linked with growing efforts by President Jimmy Carter to remove emphasis from the image of the U.S. as a seller of military equipment.

The new policy on military equipment sales and promotion was decided by President Carter last month. In an unpublished edict to the U.S. forces and military equipment manufacturers, he said the U.S. had to curtail its participation in military sales shows.

Participation by U.S. military equipment makers in an air show such as Farnborough would normally be handled by the U.S. Department of Commerce. But earlier this year the department cancelled its planned exhibition pavilion at Farnborough on the ground that costs were too high.

At the last Farnborough show two years ago, at least six U.S. military aircraft were shown.

The Society of British Aerospace Companies, which organises Farnborough, said 106 aircraft were booked to appear at the show in September. Only one, the Fairchild A-10 ground attack aircraft, is a U.S. military type, but even that is not certain to be on view.

U.S. regulations require that military equipment companies wishing to exhibit overseas must have approval from the Defence Security Assistance Agency.

The society said: "At the moment we have not been informed officially that any aircraft are to be pulled out. Lockheed, Boeing and Northrop had reserved the right to bring aircraft, but there was no confirmation which, if any, they wished to bring."

The first impact of the new policy came this month in Rotterdam. Representatives from McDonnell Douglas were to have presented a paper on the Harpoon anti-ship missile, exhibited at a naval equipment show.

An order from President Carter's office in Washington stopped the paper from being delivered and the team and their missile had to withdraw.

● Diplomatic and military delegations from 70 nations yesterday watched a display of British Army mobility and firepower, unaware that producing the demonstrations had stretched the Army's resources to the limit.

The Army said that vehicles taking part in the mobility display at Bovington, Dorset, had no back-up facilities. "If the vehicles break down, there is nothing to fill in the gap. That section of the display would have to be cancelled."

Go-ahead for opencast mine in Yorkshire

Financial Times Reporter

THE National Coal Board has been given Government approval to go ahead with opencast mining at Cawker, near Hemsworth, Yorkshire.

Mr. Alex Eadie, Parliamentary Under-Secretary of State for Industry, said yesterday that work should be confined to the southern part of the 248 acres site for environmental reasons.

Authorisation to work the site was given originally by the Secretary for Energy in April, 1977, but was quashed four months later by the High Court. A second public inquiry into the Board's proposals was held at the end of last year and the inspector's report recommended that mining operations should be allowed, subject to the exclusion of the northern part of the Cawker site.

Objections to the plans were made by South Yorkshire County Council and other local authorities.

BL plan to import Minis goes ahead

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS, formerly the cars division of British Leyland, is pressing ahead with the controversial decision to import Minis from its Seneffe plant, Belgium, to meet any shortage in the UK.

Imports are now being fed into the distribution network in spite of an overwhelming vote to resist the move by 18,000 manual workers at Longbridge, Birmingham, the home of the Mini.

The management can draw support for its action from figures circulating within the industry that suggest low output is preventing the State-owned concern from gaining its share of a booming UK market.

Provisional estimates show the company has won little more than 18 per cent of the 88,700 sales in the first 21 days of June.

Total sales are well above those of 12 months ago and put the industry on target towards forecasts of record sales of around 1.7m vehicles for 1978.

Problem

Not since 1973 has the industry enjoyed such a buoyant demand. So far this month Ford has retained market leadership with approaching 30 per cent of sales. More disturbing is that importers are now responsible for the manufacture of almost every other car sold in the UK.

The main problem confronting BL in its efforts to recapture lost ground is low output. Although shop stewards have mounted a campaign to aim for production of 1m vehicles this year in order to preserve jobs, Mr. Michael Edwardes, the BL chairman, has said that chances of meeting his target of 819,000 units are slim.

Performance at Longbridge, the biggest Leyland plant and the one scheduled to benefit from the £250m Mini replacement programme, has fallen well short of target.

The company told the workforce last month that stocks had to be built up in advance of introduction of the new "T" registration in August when total UK demand is expected to rise to about 250,000 vehicles.

The company said up to 10,000 Minis might have to be imported from Belgium unless output could be increased at Longbridge. There are no accurate figures on the present level of imports but it is clear that Longbridge has not responded to the challenge.

Longbridge workers have indicated they are prepared to resist the imports. But stewards have so far avoided confrontation by agreeing to co-operate in seeking ways to raise output.

Attempts to increase output have been undermined in recent weeks by unofficial disputes. Management has brought the matter to a head and will meet stewards today to discuss ways to resolve the problems.

Union support is sought to withhold credentials from two shop stewards who have led unofficial stoppages.

The risk of confrontation remains, but it is now likely that Longbridge will grudgingly accept the Belgian imports.

Management has already cut 1,200 jobs this year as part of a productivity drive and there is little support among the workforce for militant action.

Peterlee to expand industrial estates

PETERLEE new town in County Durham is to be expanded because of its success in attracting industry. It is said to be the only new town to be allowed to acquire more land by Mr. Peter Shore, the Environment Secretary.

The town will develop another 178 acres near an existing industrial estate, at a cost of £2m. It is expected to create more than 4,000 new jobs.

Mr. Garry Phillipson, managing director of Peterlee Development Corporation, said: "The Government has accepted that the North East has special unemployment problems and that a proper job-getting agency like we are must be given the means to continue."

Unemployment has risen to 9 per cent in the North East, but in Peterlee the level has fallen 2 per cent in the past two years.

Directors join new publishing venture

TWO FORMER directors and shareholders of Morgan-Grampian, Mr. David Abramson and Mr. Stuart Pegg, and Mr. Christopher Dolley, former chairman of Penguin Books, emerged yesterday as the backers of a new £5m business and leisure magazine venture.

Alpane, the private company the three men own, recently acquired a 50 per cent stake in the fortnightly business journal, Investors Review, in a settlement with Sir Charles Forte, who becomes an equal partner.

Last year Alpane sold its 28 per cent stake in Morgan-Grampian to Trafalgar House, for a sum believed to be just under £5m. Mr. Abramson and Mr. Pegg then left the M-G Board.

In this latest move the two will be joined by two more former Morgan-Grampian directors who have just resigned. They are Mr. Ray Watson, who was M-G's group editorial director, and Mr. Stephen Roe, publisher and group editor of Travel Trade Gazette.

Salvage tug's bid 'a waste'—tanker mate

By Paul Taylor, Industrial Staff

THE CHIEF MATE of the Amoco Cadiz told the Liberian board of inquiry in London yesterday that he thought efforts by a salvage tug to save the vessel were a waste of time.

Sir Gordon Willmer, the inquiry chairman, asked Mr. Rosario Strano if in his opinion the salvage tug Pacific "ever did any good." Mr. Strano replied: "No, sir."

Mr. Strano said that although the tug crew had been working "very hard" to get lines across to the crippled tanker, all efforts to save the tanker had failed.

Earlier Captain Pasquale Bardari, master of the Amoco Cadiz, had told the board that he had argued with the tug captain over the positioning of the tug for a final attempt to tow the tanker away from the rocky Brittany coast. He said the two men could not agree on the best method of attaching a line. Captain Bardari said he wanted the tug to tow from the bows, so he could use the tanker's engines, but the tug master wanted to tow from the stern.

Captain Bardari said the tug captain won the argument and went to the stern, "which, with the position of my ship was the wrong place to be."

Advance factory work starts

THE ENGLISH Industrial Estates Corporation announced yesterday that work had started on the construction of an advance factory of about 10,000 sq ft for the Department of Industry at Station Road, Liskeard.

Research 'must be more relevant to industry'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE POLICY of making the Department of Industry's six research establishments more relevant to the Government's industrial strategy was formally endorsed yesterday by Mr. Les Huckfield, Industry Minister.

Mr. Huckfield urged companies to second some of their younger staff for two or three years, to help transfer research centre innovations into production.

The attitude that if industry wanted something from these research centres they must come and ask for it, lay in the past, he said. Work paid for by industry in these centres had increased from 9 to 13 per cent of their budget between 1975 and 1977.

The department's target is to have 50 per cent of the budget of the five most industry-orientated research centres funded through contracts from industry.

The research centres were refocusing their programmes on goals to be achieved over the next 2-5 years, and as a result were dropping some of the longer-range research, said Dr. Duncan Davies, chief scientist and engineer at the Industry Department.

Spending by the Department on research and development has fallen from £32m in 1972-73 to an estimated £27m in 1977-78.

But this is the budget of the research centres only, and the department has been increasing substantially its funding of work with the industrial research associations and with industrial companies. Financially, the aim is to maintain the research centres at their present level of Government spending, but to look for growth from contract research. To achieve this, Dr. Davies said, the research effort had to be changed from work that was merely important to work that was "utterly indispensable."

Research Establishments Review 1978, available from the Department of Industry Library, Abell House, John Islip Street, London, SW1. Free.

GLC saves on fuel bill

Savings of about £1.3m were made last year on the £30m annual fuel purchases by the Greater London Council, says a report to the council's professional and general services committee.

The savings were made in the supplies department by co-ordinating the demand of customers and by detailed negotiations for fair rebates on bulk supplies of various petroleum products, said Mr. Cyril Taylor, the committee vice-chairman.

Anglia-Hastings merger decision next week

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A DECISION on whether or not the proposed merger between the Anglia Building Society and the Hastings and Thanet Building Society can go ahead will be announced next week by Mr. Keith Brading the Chief Registrar of Friendly Societies.

The merger plans, due to take effect on July 1, are being opposed by a group of shareholders and by officials of the National Union of Bank Employees. Their objections to the merger, which would create the seventh biggest building society in the UK, were put to the Chief Registrar on Wednesday and concluded yesterday morning.

Opponents of the plans claimed that the two societies were "empire building" and that the move would not provide any benefits for investors or borrowers. The two societies defended their decision to join forces by claiming that a merger was necessary if they were to establish themselves as one of the leaders of the movement.

A spokesman for the Registrar said yesterday that Mr. Brading hoped to give his decision on Monday afternoon. If his decision upholds the merger plans, objectors might take court action to prevent them taking effect.

HOME CONTRACTS

£4m orders for STC

STANDARD TELEPHONES AND CABLES (an ITT company) has orders from the Post Office for transmission equipment worth over £4m. to develop its international services at Mondial House, London; Lands End, Cornwall; and the Madley satellite earth station, Hereford. The equipment will be commissioned between 1979 and early 1981.

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Newcastle upon Tyne City Council has ordered an ICL 2970 computer, valued at £1.3m, to enhance services to all departments of the authority throughout the 1980s. Delivery is planned for October this year as the first phase of a development programme, providing a fully integrated financial, land, property, personnel and housing management system, probably using ICL's IDMS database management system.

The city is also developing an on-line house-letting system. Terminals in eight area offices will be used to answer queries from tenants and housing applicants on the spot.

Alcohol sales estimate 'too high'

BY KENNETH GOODING

THE TREASURY has set its sights too high in forecasting a 16 per cent increase in revenue, to £2.4bn, from alcoholic drinks this financial year, according to the Wine and Spirit Association.

The Government would be optimistic to expect an extra £200m or 10 per cent on last year's income from this source, suggested Dr. Peter Hallgarten, chairman of the association, yesterday.

He pointed out that the 1978 Budget was the first time since 1974 that duties had not been put up. Since March, 1974, the duties on table wine have risen 33 per cent, those on fortified wines (mainly port and sherry) 199 per cent and spirits 75 per cent.

This had helped depress trade to such an extent that the wine and spirit industry had been having to cut jobs by about 5 per cent a year, or 20,000 jobs in the past two years.

Mr. Hallgarten insisted that there was in Britain a strong underlying demand for table wine. Since 1970 the number of wine consumers had increased by 45 per cent to around 10m people.

If the Chancellor held duties steady, wine consumption could double by 1984 from the current 17 bottles a head a year for the adult population. That would represent roughly four glasses of wine a week for each adult.

LABOUR NEWS

Varley declines to act on Shelton closure

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has declined to intervene in the British Steel Corporation decision to end today iron and steelmaking at Shelton, Stoke-on-Trent. Workers have campaigned for eight years to save the plant.

Mr. Eric Varley, Industry Secretary, and Mr. Gerald Kaufman, his junior Minister, yesterday morning told union leaders of the decision.

They recommended that the corporation should meet the TUC steel industry committee again, but it was not clear yesterday whether that could result in a reversal of the closure decision.

The Government appears to have decided that the corporation had not infringed procedure by declaring this part of the Shelton works redundant, in spite of union protests that a promise of consultation had been broken and the procedure not completed.

Iron and steelmaking will shut down today for the annual two-week holiday, and unlikely to resume after the break.

The 1,600 workers faced with redundancy will stay on 90 per cent of earnings for 10 weeks, dropping to the standard 80 per cent fall-back pay after that. The corporation hopes, in spite of union opposition, to negotiate redundancy terms meanwhile.

Shelton workers have always maintained that their plant is profitable, and have pressed the Government to give them the long-promised electric arc furnace to replace basic steelmaking.

Dockers at Immingham on the Humber have said they will black iron ore imports in sympathy with the Shelton workers, and drivers at Immingham and Grimsby are threatening not to move finished steel products.

John Lloyd writes: Mr. Varley said yesterday that the closure of the works was a matter for British Steel.

However, he said that talks between the TUC steel committee and the Department of Industry would continue. Mr. Kaufman will lead the discussions.

Mr. Varley denied that Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, had said that there would be no further co-operation on redundancies and closures if Shelton were to cease production.

He said, however, that while the confederation wanted to co-operate, there were certain areas of the country where it was difficult for it to agree to redundancies.

Mr. Varley was speaking at the official opening of a £25m development scheme at British Steel's Imperial Works at Airdrie, Scotland.

The development has doubled BSC's capacity to produce oil-well casing, a market in which its strength is increasing.

Later he visited the Chrysler plant at Linwood, where he met management and union representatives.

He told journalists that Government liability for Chrysler was "strictly limited."

There was provision for losses of £7.5m this year, and £5m next year.

"But we do not expect losses" he said. "The Sunbeam and Avenger are good models, the domestic market is booming, and Chrysler, together with other UK car producers can make headway against imported cars."

NGA will back journalists

BY ALAN PIKE, LABOUR CORRESPONDENT

THE National Graphical Association (NGA) will continue to support the fight for a closed shop in editorial departments of newspapers, delegates to the association's conference at Douglas, Isle of Man, were told yesterday.

Mr. Tony Dubbins, assistant general secretary, gave the undertaking during a speech emphasising the print union's determination to retain for its members the right to feed material into new computer-based newspaper production systems.

It was clear, Mr. Dubbins said, that no one union would be able to control new technology effectively, and it would be necessary in the long term for the NGA to enter into joint agreements with the National Union of Journalists and the National Society of Operative Printers, Graphical and Media Personnel (NATSOPA).

The absence of an NUJ closed shop when the new technology is introduced "is a danger not only to the NUJ and their ability to organise and negotiate reasonable wages and conditions for journalists but poses many dangers to the NGA and other unions in the industry also."

A combination of a semi-organised editorial department and new production techniques would enable an employer to keep producing newspapers during a dispute.

The NGA and other print unions supported the NUJ in a closed-shop dispute at North of England Newspapers, Darlington, last year. Computer-based production techniques could eliminate many jobs done by NGA members, and journalists, advertising staff and other employees can make direct inputs into the system.

The Association was faced with a direct challenge from Times Newspapers, which was insisting that a new production system it wished to introduce must have direct input by journalists and advertising staff.

Mr. Dubbins said the NGA intended to protect its interests. "We certainly still have the muscle and the power to do so. Our policy will remain that except in the broader context of amalgamation we cannot at the present time concede the control and retention of the original Keystroke to other than compositors."

The conference agreed to circulate to all branches a discussion paper on new technology that will be used as a basis for sounding members' opinions and developing future policy.

PA staff works to rule

BY OUR LABOUR STAFF

PRESS ASSOCIATION racing services to newspapers, radio and TV stations were disrupted yesterday because of a work to rule by 240 members of the National Union of Journalists.

News services were affected to a lesser extent. The main delays in the racing department were to lists of jockeys, course tips and betting forecasts.

The journalists claim to be paid about £2,000 less than other Fleet Street journalists. They want the management to improve its 10 per cent pay offer, which includes consideration of a possible productivity deal and an examination of the agency's pay grading structure.

The management feels that any increase in the offer would take it beyond the Government's pay guidelines. No talks have yet been arranged to resolve the dispute.

Postal engineers broaden action

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE engineers extended their eight-month industrial action yesterday in support of a shorter working week by starting an indefinite overtime ban throughout Scotland.

The action, which involves about 20,000 Scottish members of the Post Office Engineering Union, follows a walkout of 1,000 members in Dundee and Edinburgh on Wednesday after 13 men were sent home, after warnings, for broadening sanctions.

The 13 workers returned to work yesterday but were sent home again.

Telephone repair and installation work will not be done outside normal hours until the Post Office allows the 13 men to return to work.

A statement from the union's national executive council, after consideration of the Post Office's action, said that if men were sent home in other regions similar action was planned.

The union gave full backing to the sympathetic action by the 1,000 men. It regretted the action of the Post Office and deplored its failure to recognise the strength of feeling that exists among union members for a shorter working week.

Mr. Bryan Stanley, the union's general secretary, said that the Post Office's refusal to move towards an acceptable settlement of a claim lodged seven years ago had led to an explosion among union members.

The membership was determined to express dissatisfaction and anger at the negative attitude of the Post Office.

The engineers say: they work longer hours than other telecommunication workers; they have a good record on productivity; new technology being brought in will have an effect on jobs; but the Post Office is not prepared to recognise their efforts in the form of a shorter working week.

The action, as well as hitting telephone work, is a further threat to outside TV broadcasts, including the open golf championship at St. Andrews. Like the rest of the industrial action since last November, its effects are likely to be more long-term.

The Post Office said this week that to meet the engineers' claim for a 35-hour week without loss of pay would be a clear breach of the Government's incomes policy.

The union and the Post Office will submit their cases on Monday to Lord McCarthy, who has been called in by the Government to try to promote a settlement.

Fair wages claim put by company

By Philip Bassett, Labour Staff

A COMPANY will try to win a pay rise for its workers next week by a claim for a fair wages award it has lodged with the central arbitration committee.

G. W. B. Parkinson Cowan, of Brierley Hill, Dudley, which manufactures industrial boilers, wants to give its 300 workers a wage increase without falling foul of the Government's pay guidelines.

It has lodged a claim for an award under the 1946 Fair Wages Resolution, which states that workers employed on Government contracts must be paid the same rates as other workers in the same area.

The company is employed on some Government contracts, and the Fair Wages Resolution is the only pay clause under which companies can approach the arbitration committee.

The arbitration committee said that a fair wages award could be raised by an employer if it felt that it was not fulfilling the conditions of its Government contracts.

Because an employer had lodged a claim did not mean an award would be granted or indicate the level of any award.

Plea to save docks jobs

BY NICK GARNETT, LABOUR STAFF

AN APPEAL has been made by Mr. Norman Willis, TUC deputy general secretary, to Mr. Peter Shore, the Environment Secretary urging the Government to do all it can to save jobs within the Port of London.

Mr. Willis says the closure proposals of the near-bankrupt port would be a "massive blow" to the London dock area which has already suffered severe environmental and social damage.

The Port of London Authority is due to meet union officials in further discussions over dock closure proposals. The authority has also called an emergency board meeting next week to finalise closure plans.

Mr. Willis, is a member of the docklands joint committee, says he is deeply concerned at the threat facing the dock community.

Much would depend on whether the Government is willing to give the port authority financial assistance to deal with its difficulties without forcing it into major surgery.

The authority's less drastic proposals would still include the closure of one dock complex and a Government cash injection of £50m.

Meeting today on Rover row

HOPES OF a settlement to the strike that has halted production at BL cars Rover plant, at Solihull, rests on a meeting to-day between full-time union officials and shop stewards.

• Efforts will be renewed to reach agreement with the 80 drivers who walked out in protest at the dismissal of a shop steward. Last night 5,000 workers at nine plants had been laid off and lost production is costing £3m a day at showroom prices.

Consultants back contract

BRITAIN'S HOSPITAL consultants yesterday voted overwhelmingly in favour of a new contract that will give them more pay for extra National Health Service work.

About 70 per cent of the 12,000 consultants who voted approved the contract, which will now go to the independent review body on doctors pay for the exact money terms of the contract to be calculated.

Firemen reject arbitration

THE Fire Brigade Union has indicated to employers that it is not yet prepared to enter into arbitration or mediation on the dispute over proposals to introduce a 42-hour week because of the employers' continued stand on the issue of manning.

Talks between the two sides broke down earlier this month largely over principles on manning changes.

Unilateral action promised to conserve stocks

Silkin applauded for tough stance in fishing talks

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE COMMONS yesterday gave full backing to Mr. John Silkin, Minister of Agriculture and Fisheries, for the tough stance *he has taken this week in the* EEC Council of Ministers negotiations on a Common Fisheries Policy.

Mr. Silkin told the House that in the absence of an agreement at the Luxembourg talks, Britain now intends to go ahead with unilateral measures to conserve stocks in our fishing grounds.

"Believe me, as far as I and my colleagues are concerned, there will be no delay," he declared.

He did not give a specific timescale but, in fact, Britain will now put its conservation proposals to the EEC Commission with the hope of a decision next week. The Government is anticipating that the Commission will agree to the proposals but, if not, Mr. Silkin still intends to press ahead with them.

The measures are likely to include a ban on herring fishing off the west coast of Scotland, an enlargement of the "pout box" in the North Sea where fishing is *forbidden* and stricter control of the mesh sizes of nets.

In a statement to the House, Mr. Silkin said that despite the willingness of the UK to be flexible in the search for an agreement on a common policy, the other members of the European Community had shown no readiness to depart from the positions they had adopted in January. Consequently, no progress had been made.

He confirmed that the Council of Ministers had agreed to extend for another month the reciprocal fishing arrangements in Norwegian waters, with a quota to ensure that the UK maintains its share of cod and haddock catches in that area.

But, said the Minister, the Council had failed to agree on the Commission's proposal to introduce a ban on further catches of herring off the west of Scotland despite clear evidence that this highly important stock was in danger. As a result, the Government would have to consider urgently what could be done to protect fish in that area.

For the Opposition, **Mr. John Peyton**, shadow Agriculture Minister, endorsed Mr. Silkin's hard line but complained that he was not moving fast enough on conservation.

"We are in complete agreement in resisting proposals which are unacceptable, ill-founded and intrusive," said Mr. Peyton.

At the same time, there was disappointment, he said, that the Minister had not come to the House immediately prepared to put forward definite measures on conservation to be enforced at once.

Mr. Silkin reminded him that *the Government* had to follow the regular procedure and submit its conservation proposals to the Commission. "We will announce to the House at the earliest possible moment what conservation measures we intend to adopt," he added.

Very painful decisions had to be made. The fishing industry, *including the Scottish industry*, had assured him that although they would suffer from conservation, they still wanted such measures adopted. This was another argument for doing it "at the soonest."

The Minister agreed with **Mr. Alick Buchanan-Smith** (C. North Angus and Mearns) that the conservation measures needed to be comprehensive in their scope.

Mr. Silkin added: "We must seek the approval of the Commission first of all. But if the Commission does not give us approval, we can still go ahead."

Under the stipulated procedures, he explained such measures must be in accordance with scientific evidence. They must be necessary and non-discriminatory.

Mr. Silkin said that the Commission's proposals for a common fisheries policy were that Germany, Denmark France, Holland and Belgium, who contributed 20 per cent of the Community's fish resources, would take out 70 per cent.

Mr. James Johnson (Lab. Hull W) said there was deep satisfaction among MPs for the fishing ports over the firm stand Mr. Silkin has taken "against the callous and cynical demands of our Continental partners for so-called equal shares of stocks in our waters.

Mr. Raphael Tuck (Lab. Watford) said that the Minister deserved the congratulations of the House and country for the "superb stand" he has made in Europe. He thought it "contemptuous and derisory" that although our waters provided the majority of the Community's total fish, we should only get 30 per cent of the catch.

The exchanges ended with **Mr. Hamish Watt** (SNP, Banff) giving his blessings to Mr. Silkin for a fruitful journey to Norway when he goes there for fishing talks shortly.

Government lacks allies for 2½% surcharge

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT faces the increasing prospect of a humiliating defeat or a climb-down over the 2½ per cent. National Insurance surcharge when the Finance Bill returns to the Commons early next month.

The Conservatives have decided to vote against the surcharge, which means that defeat seems probable unless Ministers can reach a compromise with the Liberals or the Nationalists.

Liberal leaders, now having talks with the Government, insist they will oppose the 2½ per cent increase, but they might be prepared to back the Government or abstain, should the surcharge be reduced.

The Scots Nationalists, who voted with the Tories in the censure on Mr. Denis Healey, Chancellor of the Exchequer, last week, are also determined to vote against the Government when the report stage of the Finance Bill opens in the Commons on July 5 or 6.

Mr. Healey's most obvious escape route is to increase the National Insurance surcharge by 1½ per cent to gain Liberal support and to make up the difference by raising tobacco or other excise duties.

On paper, he has not got the Parliamentary support to secure the 2½ per cent proposal.

In the Commons yesterday, Mr. Callaghan placed the blame for the surcharge squarely on the Conservatives because of the £500m cuts in income tax they forced through the Commons against the Government's wishes.

He invited the Tories to vote for amendments to the Finance Bill to return income-tax to its previous level. This would avoid the need to increase the surcharge.

Mrs. Margaret Thatcher, Opposition leader, had challenged the Prime Minister to say whether he was still determined "to go ahead with a 2½ per cent extra tax on jobs" when school leavers were coming on to the unemployment register in increasing numbers.

Mr. Callaghan retorted that the surcharge was only necessary because of changes to the Finance Bill, which Mrs. Thatcher supported. "It was no part of the Government's original strategy to introduce this tax at all," he said.

On whether the Government intended to go ahead with the proposal, the Prime Minister added that the Commons would debate the issue in the normal way as an amendment to the Finance Bill.

Mrs. Thatcher replied that there seemed to be some doubt as to whether the Government would go ahead. Mr. Callaghan should listen to the CBI and small businessmen who said the surcharge would hit jobs, exports and small businesses.

The Prime Minister replied: *"I wish you had thought of these things before."*

A way out of the dilemma was for the Opposition "to vote for amendments to the Finance Bill that would return income tax to the position where it was."

Hope for improved differentials

THE PRIME MINISTER repeated yesterday his hope that future pay rounds would bring an improvement in differentials for skilled workers.

Mr. Peter Temple-Morris (C., Leominster) claimed that Phase Three had "definitely failed on *differentials*." He said Mr. Callaghan had let down a large number of his own supporters whose only hope was the policies of the next Tory Government.

Mr. Callaghan replied: "I hope skilled workers won't have to wait as long as all that.

"I hope with succeeding pay rounds in yearly pay bargaining that this situation can be improved. We must recognise skill as far as possible."

Minister rejects SNP attack on oil policy

BY IVOR OWEN, PARLIAMENTARY STAFF

NEGOTIATIONS are in progress to secure more contracts for the Marathon oil rig building yard on the Clyde. **Mr. Gregor Mackenzie**, Scottish Minister of State, told the Commons last night when he gave an optimistic assessment of the prospects for Britain's offshore supplies industry.

He rejected a Scottish National Party call for the establishment of an Oil Development Fund for Scotland and accusations of Government mismanagement of North Sea oil resources.

Mr. Mackenzie said that according to the estimates of the Glasgow based Offshore Supplies Office, *some* 60 per cent of the orders for the UK sector of the North Sea are now placed in Britain.

This was a good record, said the Minister. But the aim must be to secure a still greater share of the market—"not by protection *or* compulsion, but by constantly trying to better the performance and competitive position of our industries."

Mr. Mackenzie stressed the Government's confidence in the long-term future of the Marathon yard, based on its performance, but did not disclose any details of the further contracts now under negotiation.

It is understood, however, that *these relate to projects in the* Middle East and in UK waters.

The Minister contended that it was already clear that Britain's offshore supplies industry had built up the skills and the knowledge both to compete at home, where there were growing markets for inspection, maintenance and repair of installations, and also in export markets.

Mr. Gordon Wilson (SNP, Dundee E), who led the attack on the Government, alleged that the mismanagement of the oil resources, particularly the failure to establish a development fund, amounted to "one of the greatest swindles and frauds of the Scottish people of all time."

There had been a "ruthless and *unscrupulous rape*" *of their* resources.

He condemned the ineffectiveness of the petroleum revenue tax, the inadequacy of the depletion policy and the capitulation by Ministers to the giant oil companies.

Labour's propaganda before the last general election, Mr. Wilson maintained, must now have a "sick sound" to their followers in Scotland. Amid cheers from his SNP colleagues, he declared "We are asserting the moral and legal claims of Scotland to the oil revenue."

Mr. Mackenzie accused Mr. Wilson of returning to policies which could only have the effect *of separating Scotland from the* management of the UK economy *as a whole.*

As the recent by-elections at Garscadden and Hamilton had shown, the SNP had been "rumbled" by the Scottish people. The reality of the situation was that as a result of Government policy, Scotland had benefited to a substantial degree from North Sea oil and the economic activity related to it.

Mr. Mackenzie told the House that the Government had considered the possibility of establishing a special oil fund but had decided, on balance, that the creation of artificial machinery would be the wrong approach to the country's problems.

Mr. Jo Grimond (L. Orkney and Shetland) reinforced the view that the oil revenue could be put to best use by existing bodies such as the Scottish Development Agency, rather than setting up a new organisation.

But he stressed the importance of ensuring that some of the money was ploughed back into local communities disrupted by the activities of oil companies, and for research into other energy sources including sun, wind and wave power.

A motion, tabled by the Scottish Nationalists, seeking to condemn the Government for its "mismanagement of Scotland's oil resources," was defeated by *131 votes to* 14, Government majority 117.

Assembly powers defeat

THE IMPORTANCE of an independent role *for* the Comptroller and Auditor General of the Welsh Assembly was agreed by Government and opposition in the *Lords* yesterday.

The Government accepted a proposal by **Lord Cullen of Ashbourne** *(C) on the committee* stage of the Wales Bill that the Comptroller could only be removed from office if the Secretary of State, after consultation with the Assembly, made such a recommendation to the Queen.

Government spokesman Baroness Stedman wanted to see a relationship between the Welsh Comptroller and the Welsh Assembly which resembled as closely as possible that between the UK Comptroller and Auditor General and the House of Commons.

The Government was defeated by 74 votes to 57, majority 17, on a clause which would have given the Welsh Assembly power to assume the functions of certain bodies.

Baroness Elles (C): "There seems to be no limit to the number of bodies which can be included in the scope of this clause apart from the fact that they must be established by statute."

Although this power could only be exerted with the approval of the Secretary of State, he had to take into account the Assembly's view.

Wales winning new industry, MPs told

BY IVOR OWEN

GROWING SUCCESS for the Welsh Development Agency in securing the introduction of new industry was claimed by **Mr. Alec Jones**, Welsh Under Secretary, in a debate on the Welsh economy in the Commons last night.

He said there had been a marked improvement in the take-up *of advance factories.*

Mr. Jones replying to criticism by Plaid Cymru MPs who pressed for policies designed to provide a balanced economic order for Wales, admitted that the task of overcoming unacceptably high unemployment in the Principality was likely to be long and difficult.

But Government action involving the expenditure of £55m had resulted in the saving or creating of 60,000 jobs.

Mr. Daffyd Wigley (Plaid Cymru, Caernarvon) said that the run-down of major industries and the failure to ensure that others were developed in their place had led to "economic blackspots" being created in Wales.

Welsh people had seen a collapse of the coal industry *which meant there were now* only 35,000 people employed in mining in Wales. A similar decline was now taking place in the steel industry.

"As steel plants close, whole communities can be written off. We know the fear experienced in places like Ebbw Vale, because they know that when these industries end there is a very great doubt as to the on-going viability of that whole community."

Mr. Wigley complained that there had been a run down of employment in the agricultural sector. *Amalgamation* of firms and the purchase of farms by institutions and people from outside Wales and the UK aggravated rural depopulation.

Many branch factories had come to Wales to get the grants which were available, and there were examples of firms which, after a few years, had packed *up and gone.*

For the Conservatives, **Mr. Nicholas Edwards** blamed the Government's economic policies for Wales's problems.

The only way to stimulate the Welsh economy was by creating the right climate for businesses to thrive, and the Government had failed to achieve this.

He believed that free market forces were much more likely to produce results than the "isolationist" plans proposed by the Welsh Nationalists.

The real future for Wales lay not in "grandiose" plans for the economy but in small businesses that could react to demand and provide a living, dynamic *economy.*

Euro-poll boundaries criticised by Liberals

By Rupert Cornwell, Lobby Staff

THE LIBERALS have taken by far the most critical view among the three major parties of the new constituencies drawn up by the Boundary Commission for the first direct elections to the European Assembly next summer.

Draft proposals were issued by the Commission several weeks ago for the 70 English and Welsh Euro-seats, and complaints from the political parties and others have to be received by today. It is expected that a revised final version will be published within two or three months.

The Liberals, who are unlikely to win a single seat at the elections, which will be contested under the traditional first-past-the-post system, yesterday presented objections and alternative proposals to 46 of the 66 English Euro-seats.

With evident self-interest, they suggest that Cornwall, where the party has two Westminster MPs and generally fares well, should be a separate constituency, and one clearly which they could hope to win. They also want changes in the Severn Valley, and some rearrangement of the proposed Midland seats.

They and the Tories have some complaints about divisions in Greater London, and the separation of some constituencies from their boroughs. This affects, among others, Barnet (Finchley), the Parliamentary seat of Mrs. Margaret Thatcher, the Opposition leader.

However, unlike the Liberals, both the big parties are pronouncing themselves reasonably satisfied with the organisation of the Euro-seats in England and Wales, which they are expected to share exclusively between themselves.

Next week's business

COMMONS business next week will be:

MONDAY: Debate on trade and the prosperity of the nation.

TUESDAY: Employment (Continental Shelf) Bill. House of Commons (Administration) Bill, Parliamentary Pensions Bill, remaining stage.

WEDNESDAY: Motions on EEC documents on contracts negotiated away from business premises, the aeronautical sector, and Criminal Law.

THURSDAY: Debate on problems of pharmacists and on MPs' secretaries and research assistants.

FRIDAY: Motions on Northern Ireland (Emergency Provisions) Act 1978 (Continuance) order and on Northern Ireland Act 1974 (Interim Period Extension) order.

New Ministry call rejected

CALLS FOR the establishment of a Department of Marine Affairs were rejected by the Prime Minister in the Commons yesterday.

MPs from both sides suggested changes in the way fishery problems, tanker disasters, and oil development are administered.

Dividend control reply puzzles Tories

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PROLONGED guessing game over the future of dividend controls was kept up by **Mr. Michael Foot**, Leader of the House, in the Commons yesterday when he came in for intensive questioning by the Conservatives.

The controls, which have been in force for nearly six years, lapse at the end of July unless the Government brings in some form of legislation to renew them.

Mrs. Margaret Thatcher, leader of the Opposition, reminded Mr. Foot that a week had passed since he was last questioned on the topic. She asked again whether it had been decided that dividend limitation would be reintroduced.

The Leader of the House surprised MPs by replying: "The Government has not made a final decision on this but we don't believe it will be necessary to have fresh legislation on the matter."

Puzzled by this answer, a succession of Tory MPs tried to probe further. **Mr. Peter Hordern** (C. Horsham and Crawley) asked if the fact that there would be no legislation meant that there would be no further dividend control.

Mr. Foot retorted: "I don't believe there will be any necessity for fresh legislation. The Government is still considering the matter. But how we could make a statement to the House, I am not in a position yet to say."

Mr. John Biffen (C., Oswestry) said that Mr. Foot's earlier answer might have given an unintended impression on the matter.

He asked: "Can you confirm that without further legislation the existing controls lapse and therefore the only interpretation to any future dividend control would be a matter of a voluntary code and not a statutory one?"

Mr. Foot replied: "I don't think you should put any such interpretation on the words I used. A statement will be made at the appropriate time.

"A number of factors have to be carefully considered as part of the Government's general approach to counter inflation." he said.

Yet another theory was put by **Mr. Kenneth Baker** (C., St. Marylebone). He suggested that as Mr. Foot had said that substantive legislation would not be needed to extend the controls, then the Government might be intending to do so by introducing a new clause to the Finance Bill.

The leader of the House told him: "There are various possibilities. I have nothing further to add."

The Government kept up its stonewalling tactics in reply to **Mr. James Sillars** (Scot Lab. South Ayrshire) who asked what assessment there had been on restraint of dividend payments.

Mr. Joel Barnett, Chief Secretary to the Treasury, said in a written answer. "None. A statement on the Government's intentions when the present powers expire on July 31 will be made at an appropriate time."

Richard Evans, Lobby Editor, writes: Ministers appear to be holding back from a final decision on dividend controls until they have further talks with the unions over counter-inflation policy in general.

A persistent theory at Westminster is that the Government might not renew the legislation after July 31, but will warn companies that excessive dividend levels out of line with counter-inflation policy would be met by Government retaliation.

The major question is whether the lapsing of the controls will be acceptable to trade union leaders when Ministers are exhorting them to restrain wage demands over the coming year.

Liberals will be tougher in any future pacts

BY JOHN LLOYD

THE LIBERAL PARTY has learned a hard lesson from its "unhappy experience" of the Lib-Lab pact, according to Mr. Russell Johnston, MP, leader of the Scottish Liberal Party.

It would be much tougher in any future pact—whether with a Labour or a Conservative government.

Mr. Johnston was speaking before the opening of the Scottish Liberal Party's three-day conference in Perth. He refused to be drawn on any conditions which the Liberals might impose on any future partner.

The conference will today hear a keynote speech from the Liberal leader, Mr. David Steel, and will debate motions on the Conservative Party, one of which "deplores the idea" that the Liberals should co-operate with *the present "racialist, repressive and illiberal Opposition."*

However, it is expected that this motion will be defeated in favour of one which proposes co-operation with the Tories on condition that they moderate their policies.

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The Property Market

BY JOHN BRENNAN

A glimpse of the future

FUTUROLOGISTS HAVE gained a more respectful audience since computer programs took the place of the crystal ball. But the audience at St. Quintin Son and Stanley's summer reception at the Vintners Hall last night might well have preferred a cheeringly fictional view of the future to the rather depressing picture of industrial decline painted by James Morrell, Director of the Henley Centre for Forecasting in his paper "The Future of The Property Markets."

Looking at property as one aspect of the economy as a whole, Mr. Morrell gave his impressions of the present and future shape of the industrial world.

In the recovery phase after the Second World War the industrialised nations embarked upon an uniquely sustained period of capital expansion. Between the early 1950s and the mid-1970s as much as 25 per cent of the total output of the developed world was ploughed back into investment to the point where, in Mr. Morell's view "we have now reached a stage of capital saturation."

The Henley Centre is sceptical of inter-government attempts to lead the world economy out of recession in the near future. But if there is no industrial renaissance on the horizon, at least the technological revolution provides some glimmer of hope.

Energy-related industries, electronics, and chemicals all receive Mr. Morrell's seal of approval as growth sectors. And new markets opening in the developing world give him some grounds for longer-term optimism about the prospects for economic recovery. But any future expansion will, he believes, depend increasingly upon industrial efficiency. And as far as the property market is concerned Mr. Morrell comments that, "the severity of competition and the threat to survival will constitute a major incentive for industrial building investment in coming years, for the good reason that fairly predictable and substantial cost savings will be attainable."

A declining population in Britain cuts the need for a net increase in the stock of houses, schools, hospitals and roads. And Mr. Morrell believes that, "lower population levels will ultimately ease the pressure on land resources" even if rising living standards result in greater demand for recreational and house space. Taking account of the fact that land prices will be influenced by the speed at which redundant buildings and land can be brought on to the market, Mr. Morrell anticipates that "land prices may rise more moderately in future in relation to other prices."

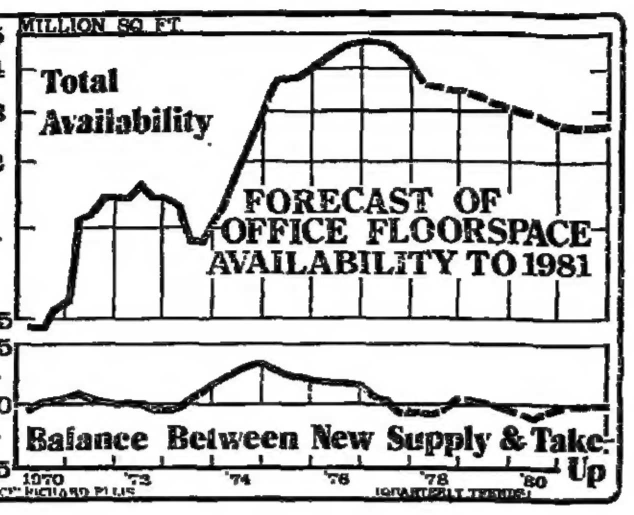
On specific sectors of the market Mr. Morrell believes that, "In terms of dynamics there is little doubt that the vital sector, offering the best prospects for growth in demand, is industrial buildings." Demand for office space, "will reflect the 'keeping up with the Joneses' law of forecasting. Today's 'best' will become tomorrow's 'Norm'." And to the discomfort of shop developers in his audience Mr. Morrell argued that "retailing accounts for a declining share of consumers' spending. Therefore shop development offers an unexciting prospect."

Overall, he believes that there has been, "a profound change in society in the 1970's." Inflation accelerated from 1968 to 1976, and in that year personal taxation also reached a peak. Now, "both inflation and the tax burden are in decline and British society is moving gradually in a direction of anti-bureaucracy, anti the corporate state, anti state welfare, anti-bigness, which may ultimately be reflected in a more entrepreneurial society. In such an environment the gradual relaxation in inflation and interest rates is certainly plausible and presents a scenario far more favourable to the property industry than in recent years."

City in balance

FORECASTS OF a critical undersupply of City of London offices, and a consequent explosion in City rents, are dismissed by Richard Ellis in the firm's first full review of the City market for 18 months.

Ellis's City Accommodation Review, published this week, suggest that the overall supply and



take-up of new offices will move into balance over the next few years. Although new building forecasts suggest shortage of prime modern offices in the central banking and insurance area of the City by the end of 1979, there are no signs of a repetition of the general undersupply of offices that caused the dramatic upward surge in City rent of five years ago.

Some 15m sq ft of new offices have been developed in the City since 1960. But this supply of new space has come onto the market in three distinct phases.

Between 1961 and 1969 development completions averaged 800,000 to 850,000 sq ft a year, roughly in line with letting demand. By 1970 the supply was being affected by Government restrictions, and the rate of completions between 1970 and 1973 dropped to an average 400,000 sq ft a year. As that fall in supply coincided with a strongly expansionary period for the City's financial sector, rents rose sharply and new developments were initiated.

This additional supply of space eventually flowed on to a letting market hammered into inactivity by the economic recession, and rents fell as much as 40 per cent from the peak levels of 1973 as development completions trebled to an annual average of 1.4m sq ft between 1974 and 1977.

Office space available in the EC postal districts of the City reached a high point of 4.3m sq ft in May 1977 and has since fallen by 63 per cent to 2.7m sq ft. Encouraged by this revival of letting demand developers have reconsidered City office schemes, and Ellis forecasts a development completion rate of around 1m sq ft a year until 1981. A further 1.25m sq ft might be completed within that four-year span, but Ellis doubts if there will be sufficient letting and rental pressure to justify bringing forward these schemes.

On the other side of the equation, letting demand is expected to ease slightly from the historically high levels of the past winter, and the firm anticipates a take-up of between 2.75m and 3m sq ft this year. After allowing for space released on to the market by firms moving from old to new City offices, the projected take-up rate falls back more or less into balance with the projected new supply.

This move towards a balance of supply and demand for office space still leaves a sufficient amount of unlet office accommodation on the market to prevent any wild upward movement in City rents as a whole. But with just 3m sq ft of speculative new office developments due for completion in the next four years, Ellis forecasts sharper rental competition for prime space, particularly in the traditional banking and insurance area of the City.

There is just 500,000 sq ft of net lettable new space due for completion in this inner financial area before 1981, and that is 63 per cent less than the take-up of development space there over the past four years.

Towards standard accounts

THE BRITISH Property Federation's consultative paper on property company accounting, published this week, puts a strong counter-argument to the accountancy profession's calls for portfolio depreciation. But there will be a few raised eyebrows over the BPF's defence of capitalisation of development outgoings, particularly after the apparent lead given recently in the accounts of Land Securities, when the giant of the sector took the first step towards abandoning the capitalisation principle.

The BPF's report is the property industry's reaction to the rule-making Accounting Standards Committee's decision last year—a decision impressed upon the committee by the leading English accounting body—to defer application of new accounting standards to property investment companies until January 1979, pending a full investigation of property accounting.

The BPF's recommendations, which are now open for comment from interested parties within the industry, provide a comprehensive pattern for property accounting practice. On depreciation, the BPF argues that it is unnecessary, and, "in some instances that it is positively misleading," when applied to property investment companies. Instead, the BPF recommends annual valuations by qualified valuers.

The BPF accepts that qualified internal valuers should be able to carry out these yearly reviews, but it also recommends independent external valuations at least every third year.

Provisions in the new accounting standards which require realised profits and losses on sales of investment properties to be dealt with in the profit and loss account are also challenged by the BPF. It feels that as the articles of association of many property companies prevent the distribution of capital surpluses to shareholders, the sector should be granted the exemptions made by the accountants for investment trusts under which "realised and unrealised gains or losses," are shown, "permanently either in the balance sheet or in a note to the accounts."

On the thorny question of capitalisation of development interest the BPF stands by the principle that "the revenue account should normally be relieved of the charge for interest and other outgoings relating to development properties." And the Federation feels that the decision whether to capitalise directly or charge to revenue and make a subsequent transfer from unrealised reserves should be left to the individual company. It argues that properties should cease to be treated as developments at the earliest of the date of full letting, when income exceeds outgoings or two years after the practical completion of the building.

Copies of the proposals are available from the BPF at 35 Catherine Place, London, SW1.

•

AN 18-month-old question needs answering at Percy Bilton's annual meeting today. Shareholders of the industrial property group need a straightforward explanation of the reasons for the sudden retirement in December 1976 of the former managing director and deputy chairman, Bryn Turner-Samuels. Since that time a disturbing cloud of rumour and innuendo has shrouded the group's image. Veiled hints of management disputes and management succession problems which followed the octogenarian Percy Bilton's decision to take back the reins seem unfounded, and stand at odds with the group's talk of Mr. Turner-Samuel's "gross mismanagement" of Bilton's housing division. Today's AGM provides a forum for a full airing of the matter and an opportunity to kill the rumours once and for all.

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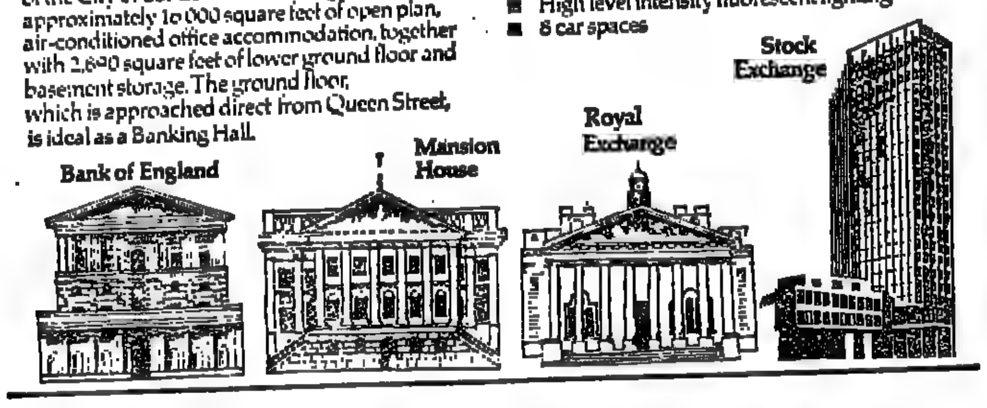

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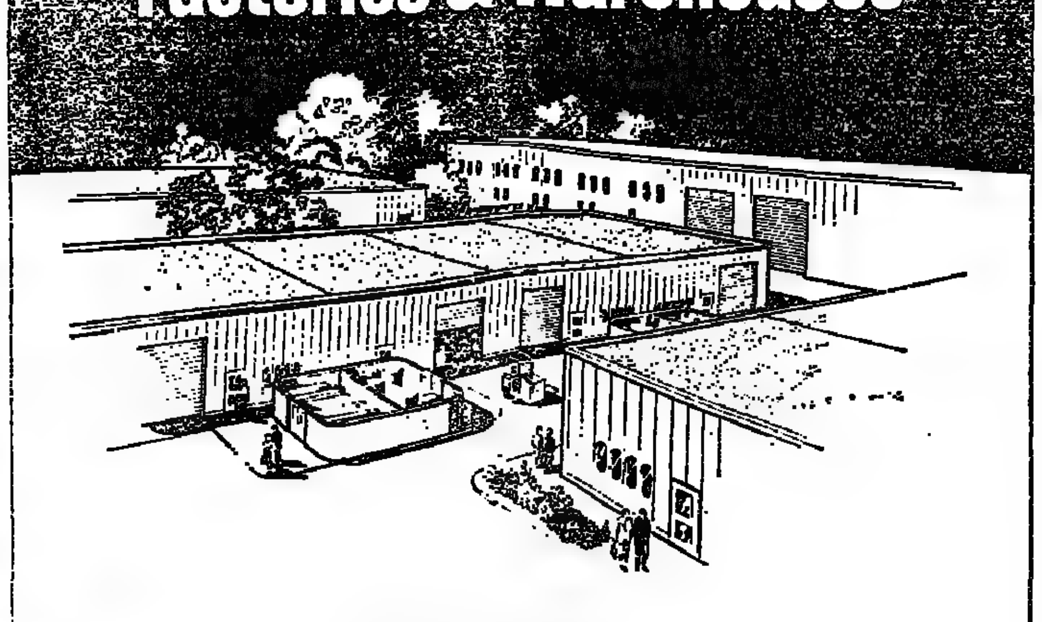

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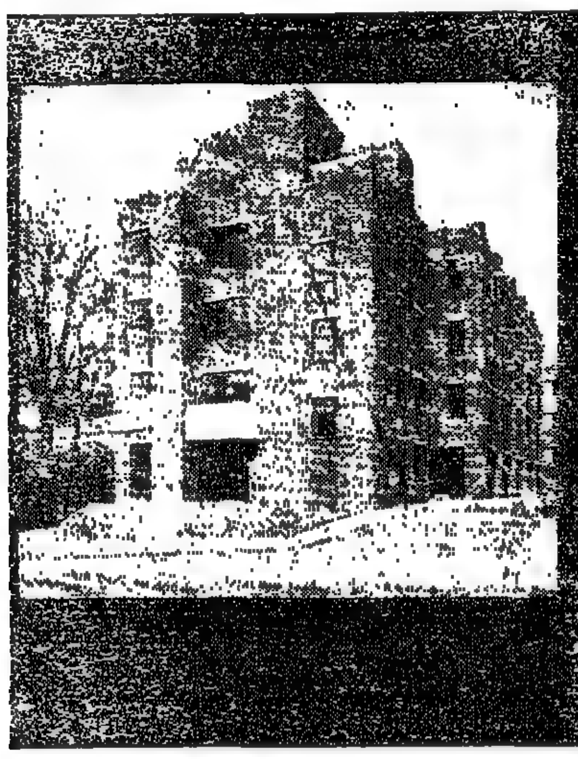

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PROPERTY DEALS

Agents on the takeover trail

COMPETITION FOR prime shops is forcing surveyors into the takeover business. And the agents for both Harris Carpets and the Owen Owen department store group have just lined up corporate acquisitions as part of their clients' search for additional shops.

In a £2.3m deal, Owen Owen, advised by Conrad Ritblat, has bought Suters Limited, a family company with stores in Slough and Uxbridge. The Liverpool based retailer paid cash and unsecured debentures for Suters, and takes over a 60,000 sq foot store by St Martins' Queensmere Shopping Centre in Slough's High Street, and a 30,000 sq ft unit in the pedestrianised section of Uxbridge's High Street opposite Town and City's shopping centre.

Harris Carpets' takeover gives the group its first Scottish outlets. Harris, advised by Smith Melzack, has resolved an 18 month search for Scottish shops by acquiring J. Ross and Company (Carpets). Harris paid £450,000 for the company and has taken responsibility for debts which take the total cost of the purchase to around £1m.

J. Ross has 26 shops in Scotland—which will continue to trade under that name—and a further 5 in the North West—which will come under the Harris banner.

●

A 5.7 PER CENT initial yield on the British Broadcasting Authority's £14.2m purchase of the 145,500 square foot St. Catherine's House office block in Kingsway, WC2, looks like another indication of fund manager's judgment bowing under the weight of investable funds. But it isn't. That yield, based on the Department of the Environment's average rent of £5.75 a square foot, looks ahead to a full rent review next March and to further five yearly reviews until the end of the present lease in 1999.

On that basis the purchase, from a Brandt's-led banking consortium through Jones Lang Wootton makes considerably more actuarial sense. Knight, Frank and Rutley acted for the BBC fund.

●

IBM HAS paid around £3 a square foot for 58,260 square feet of Commercial Union Properties' recently completed 147,000 square foot office development at 54, Hagley Road, Birmingham. This first letting just below the initial £3.25 asking rent, leaves joint agents Jones Lang Wootton and Edward Bigwood and Bewlay with the scheme's 88,878 square foot, 17-storey tower to market. Weatherall Green and Smith and Ralphs and Janes advised the computer group.

●

HASLEMERE ESTATES and Friends Provident Life Office have now let their 18,000 sq ft Spacer House refurbishment on Wilson Street, EC2 to BP Trading for around £6.60 a sq ft. BP was advised by Knight Frank and Rutley, and Richard Ellis acted for the refurbishers.

Trevor Humphries

Grand Metropolitan will unveil the results of its £1m conversion of The Ritz Hotel's former Grill Room and downstairs bar with the opening of The Ritz Casino next Wednesday.

Grand Met has set up a separate subsidiary to operate the casino, and has negotiated a 21-year lease on the space from the hotel's owners, Trafalgar House.

Trafalgar, which paid just £2.75m for the hotel in 1976, and which is reported to have ignored countless higher offers since then will now have the Casino trade to further bolster interest in the four shops it has built into the hotel's Piccadilly colonnade.

Letting agents Healey and Baker have signed up tenants for two of the four 500 sq foot units at "Bond Street rents," when shops of that size can cost around £50 a sq foot.

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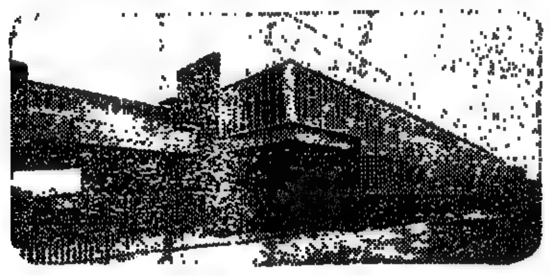

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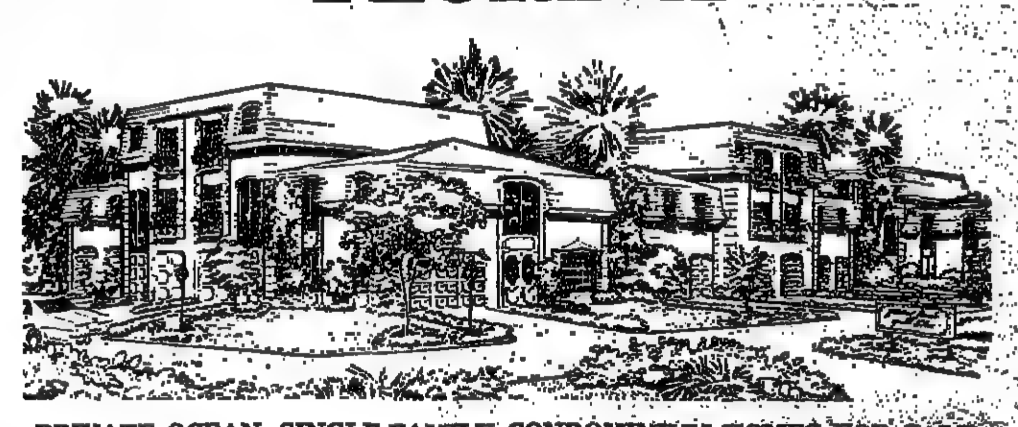

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INTERNATIONAL PROPERTY

This survey appeared on

Monday 5th June

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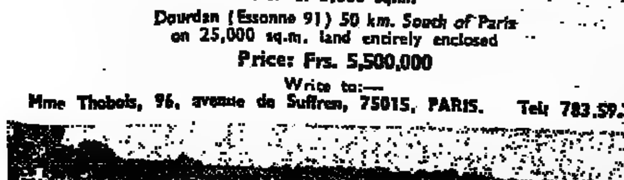

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICES

Guides would-be micro users

WITH MAJOR interest, both industrial and political, focused at the moment on the microprocessor and the intricate memory chips which serve it, the Electrical Research Association is seeking to draw attention to the protracted study it has been carrying out on behalf of some 50 sponsoring companies on what it takes, from the user side, to make sure a microprocessor application will work.

Two sections out of the five-part study, which began nine months ago, are completed. They cover the economics of developing systems and a study of development systems, with an analysis of available software to come.

This will be followed by examination of the integration of hardware and software; a study of quality assurance as applied to outgoing systems and software and an examination of what designers could come up against in the field—high current spikes, excessive heat and excessive moisture, inter alia.

Completion is scheduled for a further three months and additional sponsors can gain access to the wealth of documentation arising from the ERA work for a £1,600 entrance fee. This may seem high, but it is a little known fact that development costs on a system built around a micro intended to replace existing discrete logic can run as high as £40,000 simply because the cost of producing the special software demanded for efficient micro operation is much higher than for minis.

And it must be said that since there are still not enough training facilities to enable engineers to move over to micros, there is a risk that development could go down the wrong path.

Interestingly, ERA researchers have found that a micro solution can pay off even in such low numbers as 100-off. They have examined the options of custom-designed logic, uncommitted logic arrays, hardwired logic, programmable logic etc., compared with using the micro and the conclusions of this chapter will be of considerable value to any production manager who has a number of difficult decisions to make in this area.

ERA wants to continue its work, particularly along the lines of what forms of support might be provided for users of microbased products.

ERA research staff see the present concern with large scale integrated circuit memories as inevitable since the more powerful the memory, the easier it is to program and operate the micro. And they are not theorists only since they have developed a micro-based cash dispenser for Scandinavian banking, a micro-based terminal for a Spanish engineering group to be used in supervision of high voltage networks and a micro-based information retrieval unit for a UK peripherals company.

Further details of the ERA study from Cleeve Road, Leatherhead, Surrey KT22 7SA. Leatherhead 74151.

● INSTRUMENTS

Analyser meets many needs

Feeding commands to the new spectrometer through a keyboard.

WORLD LAUNCH takes place today of a complex piece of analytical equipment employing the latest technologies but aimed by its originator, the Philips company, at a much wider range of companies than earlier machines of this type.

Even small industrial organisations will be able to use the new X-ray fluorescence spectrometer as a practical analytical tool, the company asserts, justifying this claim on the basis of great improvements in price/performance ratios.

The PW1400 spectrometer has virtually no manual controls. All its functions are pre-programmable and commands are entered through a keyboard printer or a display unit.

There is not one single machine, but a carefully chosen set of building blocks which permit some 50 variants to be set up. This provides a very close match of a large number of requirements.

Improved counting electronics, fast-acting vacuum system, and a new continuous-feed sample system give high measuring speeds and sample throughputs.

Internal temperature control permits the equipment to be used in laboratories where there is no air conditioning.

To simplify the incorporation of the equipment into existing laboratories or production lines, the company is providing a universal interface so that the user's own computer can be connected immediately without problems.

At the same time, full software support is provided on the machine for Digital Equipment Corporation and Philips minis. If users wish, they can reduce outlay to the point where they obtain a basic printout of intensities through a programmable calculator connected to the 1400. At the other end of the spectrum, the machine can be linked into a company's central computer if so required.

Though the 1400 has been designed with the metal-producing and processing industries in mind, it is also ideally suited for mining operations, ceramics and general industrial applications including such things as the determination of wear metal in lubricants.

Marketing and support of the equipment in Britain is by Pye Unicam, York Street, Cambridge. 0223 58866.

● ELECTRONICS

Micros come down

PRICE reductions of about 30 per cent, and in some cases 50 per cent, have been announced by Fairchild for its F6800 range of microprocessor products.

The company states that the reductions are the direct result of the major investment it has made at its manufacturing plants at South San Jose in California. The new facilities include computer-controlled projection alignment, use of four-inch wafers, and ion implantation; production yields have been "well above" original expectations.

Examples of the new prices at the one to two dozen level are £6.77 for the CPU and £3.28 for the F6810P random access memory.

More from the company on Potters Bar 51111.

Analyser war hots up

ADDING itself to the half dozen or so companies already offering logic analysers in the UK, EH International of California says that it is spreading its wings because by 1980 the market for such products will have jumped from $50m this year to $85m.

Accordingly, it is offering its products through Microsystems Services of High Wycombe, in a price bracket spanning $3,000 to $8,000.

A major battle is brewing according to EH, for the increased market for analysers that will result from the diminishing use of oscilloscopes by the data processing hardware fraternity and the need for quick and convenient means of testing microprocessors. Before long, says the company, 30 per cent of the $800m oscilloscope market will be replaced by logic analysers.

One of the company's main products is the model 1850, which can deal with 18 channels at 50 MHz, giving it more scope than many testers already offered.

It can be set to trigger on an external event and then capture the data that led up to or followed, that event. Once captured the data is read back in hexadecimal or octal form, as a timing diagram, or in a map domain diagram.

Up to 510 18 bit words can be acquired and the trigger can be generated the first time the trigger event has occurred or up to 9,999 times after. Additionally the trigger can be delayed 10 to 99,990 clock periods after the event. Thus, a "window" can be opened up on the operation of any micro or mainframe at exactly the time point that the engineer requires.

The company is also offering the MBA-1 Micro Bus Analyser, mainly intended for trouble shooting microprocessor systems in the field, and a number of digital circuit modules.

More from Microsystems, Duke Street, High Wycombe, Bucks (0494 41661).

IN BRIEF

● Hewlett Packard is offering a new linear microwave bipolar transistor which is rated at half of one watt and has good gain and efficiency up to 5 GHz. Wokingham 784774.

● Miniature chrominance delay lines for colour television receivers are announced by Mullard measuring only 37 x 7.5 x 28.5 mm. They are designated DL700 01-580 6633.

● Intel has a refresh memory unit giving four bit resolution picture elements for faster scan CRT terminals. More on 0865 771431.

● AMI Microsystems has introduced two fully static 4096 bit random access memories for microprocessor applications, designated S2114. More on 0793 31345.

● Low-pass and band-pass filters fabricated using charge transfer ("bucket brigade") techniques, made by Reticon in the U.S. are being supplied by Herbert Sigma of Letchworth. More on 04626 3841.

● Siemens is offering light emitting diodes of only 1 mm diameter having high luminosity but low current consumption. 09327 85691.

● TRANSPORT

Driving on North Sea gas

A DUAL fuel conversion unit designed to permit a vehicle to run on either natural gas or petrol has been fitted to over 30,000 vehicles in the U.S., and proved to be a viable system, says International Gas Apparatus, who is to make it available in the UK on the conclusion of an agreement with the manufacturers, Dual Fuel Systems of America.

Designed specifically for use by fleet owners and operators, the conversion unit can easily be fitted into any current production vehicle by adding a special gas/air mixer to the existing carburettor and installing a gas storage tank with separate pressure lines, a regulator, and fuel selector switch. No modification to the actual engine is necessary and the conversion unit can easily be removed and refitted when fleet cars or vans are changed.

Since the system operates on pressurised natural gas, an essential extra is a compressor installation linked to the mains gas supply. This can operate in two ways — either as a direct feed line system where a number of vehicles can be connected and filled directly, or as a method of charging reservoir storage tanks which can supply the gas already pressurised.

The running costs of operating on natural gas have been carefully analysed by American operators who claim that a typical 28-van delivery fleet would provide a payback on investment in two years, with a subsequent 50 per cent saving in running costs.

Further from International Gas Apparatus, Globeland Road, Camberley, Surrey (0276 20036).

● LIGHTING

Lighting a small area

MADE TO be installed speedily in any restricted space where a wide spread of illumination is required is a fitting called SKW Skeleton Strip from Linolite, Pier Road, Feltham, Middlesex TW14 0TW (01-890 8142).

A choice of pull-cord or push button switching is offered and the white lampholders are mounted on a ready-wired aluminium spine. It comprises a three-way terminal block to reduce wiring time to a minimum, a cable clamp, and a "universal" switching unit. Installation is by two fixing screws and it is available in four sizes to accommodate both 221 mm and 284 mm strip lamps in single and double lamp lengths.

● TEXTILES

Non-crease linen

LINEN is a comfortable fabric, but it is generally quick to crease and hard to iron. To put this ancient natural fibre back on the same footing as the easy-care man-made fibres has taken years of work. But now, Lintrend says it has found the key process to do this.

This process, developed by the company's managing director, Dr. F. R. W. Sloan, can give a pure linen fabric the same wet crease resistance as polyester/cotton. The treated fabric creases only marginally in washing and yet retains all the absorption and coolness properties which are the hallmark of linen.

The explanation of how the process works lies in complex organic chemistry—what it does is to create extra links between the long cellulosic molecular chains in linen, but without embrittling the fibre as other processes in the past have done or tended to do. They thus were never really suitable for treating lightweight summer fabrics because of the lowering of abrasion resistance this would entail.

Lintrend, which is launching the fabrics under the name of "Elite," is providing two weights —154 and 174 grams per square metre, 91.5 and 114 cm wide respectively. This is 4½ ounce 36 inch, and 5 ounce 45 inch. Ten colours are offered and first sampling is already under way in the U.S. for spring 1979.

The Linen Industry Research Association of Lambeg, Northern Ireland, has made an independent evaluation of the process and will be responsible for setting up quality control standards.

For data on the process and the product, Dr. F. R. W. Sloan is on 01-629 1818 at Lintrend, 55A, Duke Street, London W.1.

● COMPUTING

Automated cashier

NCR HAS a low-cost electronic accounting unit for all types of financial institutions, which can handle most transactions at cashier's windows, including the printing of passbooks, ledger cards, and other inserted documents.

Microprocessor-based NCR 225 can operate as a free-standing system or can be upgraded for on-line communications and data-capture capabilities at a later date.

Programs, which tailor the terminal's function to the specific requirements of the financial institution, can be entered using the terminal keyboard. If the terminal is on-line, the programs can be loaded through a central processor or cassette unit.

Other capabilities include the calculation of interest as a by-product of normal transaction processing. Also the new terminal can be used for both front-office and back-office transactions. In addition, it can perform positive proof of deposit at the teller station and automatically produce withdrawal cheques.

Speeds the blue pencil

OFF-LINE EDITING and keyboarding and applications where it is either impossible or impractical to interrupt typesetting output is the purpose of an editing terminal by Itek.

A screen displays keyboard or tape cassette input and job parameters. By simply pressing a button the operator can scroll through an 8,000 character file, displaying up to 15 lines of text at a time and making editing or additional input decision at will.

This means that any section of a job can be selected and viewed with a speed normally associated only with flexible disc storage. Unlike some disc systems, however, the Quadritek editing terminal, working from magnetic tape cassettes, allows jobs to be duplicated without re-entry.

A search and revise capability enables the operator to direct the terminal to search for data requiring change and correction. The change and correction is inserted automatically without any further instruction from the operator.

By establishing and storing formats the terminal allows text to be arranged automatically in any desired layout—important where columnar or other difficult formats are concerned.

Itek Graphic Products (UK), Itek House, Mora Street, London EC1V 8BT. 01-253 3080.

More power provided

ATKINS ON-LINE is the new name chosen for the organisation resulting from the recent merger of Atkins Computing Services with On-Line Systems Inc., a U.S. computer service bureau based at Pittsburg. Atkins Computing Services was previously part of the W. S. Atkins Group.

One of the first extensions of services will take place very shortly when the Atkins On-Line network joins up by satellite to Pittsburg, allowing users to gain access to the Pittsburg computer complex from fifteen locations in the UK and Holland.

The combination of Atkins On-Line and On-Line Systems Inc., in terms of resources and networks, provides a complex of more than 20 computers and an array of communications units as well as a network operating throughout the U.S., the UK and in Canada and Holland.

The UK end will gain a great deal of power when delivery is taken in early 1979 of the first two 256K word DEC system 10's. These will be based at Epsom in addition to the two Sigma 9's, the first DEC 10 becoming operational during the first quarter.

The DEC 10's will enable Atkins On-Line to provide a wider range of software as well as being a vehicle for the development of engineering and operating systems software for the U.S. market. Simultaneously they will also be instrumental in the introduction to the UK and Europe of the management information systems currently being sold in the U.S., by On-Line Systems Inc.

More from Atkins On-Line at Fourmost House, 12, West Street, Epsom. 03727 29678.

● OFFICE EQUIPMENT

Control by microphone

MICROPHONE station equipment that provides remote access to cassette desktop dictation systems has been called a "Thought Station" by Dictaphone and is an executive desktop unit with a hand microphone and cradle, including a playback speaker.

The microphone remotely controls every dictation function—recording, fast forward, reverse scanning and electronic indexing. Indexing allows the author to record subsonic tones on the tape to indicate the number and length of dictated documents. It also permits the user to leave special instructions for the transcriptionist.

Electronic signals also warn the author when approaching the end of a cassette or when there is no cassette in the recorder. A record/lock feature enables the microphone to be used for conference recording.

Thought Station is compatible with Dictaphone's Thought Master Models 255 and 260 dictating machines and can be connected to a recorder up to 50 feet away.

Dictaphone Corporation, 120 Old Post Road, Rye, New York 10580.

BOOKS

Bashing Boney BY C. P. SNOW

Bonaparte by Correlli Barnett. Allen and Unwin, £7.50. 224 pages

Mr. Correlli Barnett's study of Napoleon Bonaparte is something of an oddity. Not the physical book itself, which is well designed, splendidly illustrated, and an example of accurate printing. All this is what we have come to expect from a Rainbird production such as this. The oddity resides in the text and in Barnett's attitude to his subject. He has almost no use for him at all.

Barnett does allow Napoleon a certain disreputable credit as an opportunist politician. As a soldier, though, he emerges as a slapdash gambler with only occasional flashes of military talent, someone who in the last war might have made a hit or miss corps commander in the desert. In other respects, as man and thinker, Barnett judges that he was superficial, vulgar, third-rate, his chief accomplishment being his ability to rationalise, and so glorify, his own exploits after the event.

In fact, Barnett's Napoleon is about as diminutive and ridiculous a figure as the Napoleon in *War and Peace*. It is interesting to note that Barnett also takes a view of Kutusov very similar to Tolstoy's: he may have been drunken, lazy, dissipated, but he was, in their judgment, both cunning and wise, and his strategy was the right one.

Barnett brings strong arguments and considerable technical skill to justify his dismissal of Napoleon. At times, his contempt gets too much for him, and he overstates, or confuses, his case. For instance, he brings two main accusations against Napoleon as a tolerable ruler of his country. They are that *(a)* he betrayed the principles of the revolution, and *(b)* he was totally indifferent to the true interests of France as a nation. Well, there is something in each of those charges, but they cannot be sustained at the same time. Certainly Napoleon betrayed the principles of the revolution—though not always those of the Enlightenment and the Romantic Movement, of which he was the child and became a symbol. He didn't *betray the revolution for high-*minded or even ideological reasons, since like almost all leaders who emerge from nowhere, he was swept along by the tide. But if he hadn't imposed on France an autocratic regime, and so given Barnett so much moral pain, the country wouldn't have lasted long. The England of Pitt and the early industrial revolution, the Russia of Alexander I, the Austria of Metternich, were not so sensitive as Correlli Barnett about the sanctity of revolutionary principles. It is desirable to recall the Holy Alliance looming just ahead. A genuinely revolutionary France couldn't have been allowed to survive. As for how, in Napoleon's given circumstances, he or anyone else could have best established France in military or economic terms, there has never been a realistic answer.

Yet a good deal of Barnett's accusation stands. None of the great military conquerors seem to have had any *conception of* what to do with their conquests, except to launch off into some more. Alexander didn't have the faintest idea, nor did Julius Caesar; it was left to Augustus one of the greatest and quietest of political geniuses, to create the Roman Empire. Napoleon, and this Barnett makes one accept, had wide and wild strategic visions, but not much else. Nor, so far as can be judged from the gothic reportings of his entourage, had Hitler. Barnett draws implicit comparisons, not over-stressed, between him and Napoleon. As a rule, Napoleon may have operated nearer the plane of reason, but he too had periods of blinding and self-deceptive optimism. Maybe without that fund of gambling hope neither of those two would have been able to do *anything* at all.

On the purely military side, Barnett produces some convincing professional criticisms. At his best, as at Austerlitz, Napoleon was a dazzling, daring and supremely decisive army commander. But he left his logistics very much to chance. Early 19th *century war had just reached a* critical transition. It had become not quite compact enough to be governed by one mind. It had almost got beyond supreme command in the field. It was certainly beyond one mind alone to supervise the background work, supplies, intelligence, staff administration, and all. Marl*borough had had an easier job.* Napoleon was the last great general who tried to keep the entire operation under his own control. Berthier wasn't a chief of staff in the modern sense, but an efficient headquarters assistant just obeying instructions. It isn't surprising that there were so many loose ends, *including, as one can see from* Stendhal's personal experiences, a total lack of training for armies growing into the hundreds of thousands, utterly uncontrollable by 18th century administrative processes, or lack of same. Perhaps the chief wonder is that Napoleon achieved so much.

In short–performers all

The Performers: Politics as Theatre by Norman Shrapnel. Constable £4.95, 213 pages

The Commons is shown off best in the British democratic system when the country is confident, political personalities abound and ideology does not. Today, sadly, none of these conditions obtain. National fortunes are at a low ebb, the nineteenth century is long gone, and Parlia*ment by and large is a pretty* uninspiring place, peopled by the grey doctrinal armies of Left and Right, waging endless and unbearing war. Hardly surprising that there is so much pressure for basic reform of the place.

None of which, of course, in any way diminishes Norman Shrapnel's argument that the drama has been best acted out in the ghost-infested Gothic theatre of the Commons. The performers, to use the title of his compulsively readable book, are of a less heroic cut than before, but then the story-line *is less exciting*. British politics has a remarkable ability to produce the man to fit the hour. Churchill in the finest of them all, through to Wilson Marks I and II, and finally Callaghan, solid and homely for a drab and fatalistic age.

Shrapnel deals with them all, and comes up with a Parliamentary sketch of 22 years of British history, witnessed from the Press gallery perched above the Speaker's chair. Oddly, though it is not the lions that remain in the mind, the Churchills, Bevans and Foots, but those two infinitely subtle symbols of scarcely perceptible decline, *Macmillan and Butler.*

Butler, of the round expressionless face, master of the double negative, the crown prince never crowned; and Macmillan, the most shameless actor of them all, himself a ghost from a gentler age of long warm evenings on the Terrace, the purveyor, in Shrapnel's *felicitous phrase*, "of spectral offbreaks down interminable corridors."

Few give such good value nowadays. That spell-binding poacher Michael Foot has now turned unhappy frontbench gamekeeper. One who does is the Labour MP Dennis Skinner, "too intelligent," Shrapnel correctly observes, "to try and make himself conspicuous by doing what nearly everyone else does." Everyone else, of course, still plays by the rules of Victorian ritual. Skinner ignores them, not so much in the abuse aimed at nominal friend and foe alike, but because of the gratuitous offence he sometimes gives to the institution itself. An anti-hero, perhaps, but one well suited to a moment when Parliament's standing has rarely been lower.

RUPERT CORNWELL

For the Record by Niki Lauda. William Kimber, £4.95. 222 pages

It should be 111 pages. The first half of the book contains all the meat, recording the peaks and troughs of Lauda's years with Ferrari. The language is straightforward, honest; the style terse. Lauda describes his many triumphs, including the fight back from the brink of death after his Nurburgring crash, simply and factually.

He made a remarkable recovery, but did not win the championship that year, for he withdrew from the Japanese Grand Prix. A suggestion comes from the Ferrari pit: "We'll pretend you've got engine trouble." But Lauda's response is typically honest. He considers the water-covered track too dangerous. This is his decision. He wants no excuses.

Ferrari's reactions to his withdrawal soured his relationship with the team, but he became champion again the next year before breaking with them.

His description of the pressure exerted on him, of internal intrigues and of Enzo Ferrari's rages explains why Lauda is only *one of a long line of drivers who* have found life with Ferrari impossible.

The rest of the book degenerates into pseudo-psychology, examples of fan-letters and a description of the Lauda home.

BRIAN AGER

Lonely Vigil: Coastwatchers of The Solomons by Walter Lord. Allen Lane, £5.50, 322 pages

Strung out halfway from New Guinea to Fiji, the Solomons were, in 1942, Australia's last line of defence against the armies of Japan. For the Japanese, they were the jumping-off point for the conquest of Australia.

As Tojo's modern Samurai advanced, the rush to escape from the Solomons turned to panic. Refugees broke arms and legs struggling to board the last boat for Sydney. Those who stayed became the Coastwatchers. In Admiral Halsey's words, "They saved Guadalcanal, and Guadalcanal saved the Pacific."

Today, the Pacific has returned to its dreams. Hardly anything remains to commemorate the Coastwatchers. Walter Lord's book closes the gap. It is destined to do well.

JOHN DUNSTAN

Christina Rossetti and her mother drawn by Dante Gabriel Rossetti, an illustration from the book reviewed below.

Clever clan BY PETER QUENNELL

Four Rossettis: A Victorian Biography by Stanley Weintraub. W. H. Allen, £5.95. 303 pages

When, in April 1816, Byron left England for the last time with him travelled not only his valet Fletcher and his sparring-partner Bob Rushton but his *private medical attendant* Dr. Polidori, whom John Murray had offered 500 guineas if he could produce a day-to-day account of Childe Harold's latest pilgrimage. Polidori — poor dear "Pollydolly"—was presently sent home from Switzerland, his "enternal nonsense and *tracasseries*" having proved intoler*able; but before he left he had* confided a significant note to his diary. He was describing the party's arrival at Ostend: "As soon as he reached his room Lord Byron fell like a thunderbolt upon the chambermaid."

Apart from the brief part that he played in Byron's life and his publication of an absurd Gothic *novel The Vampyre* (which much annoyed the poet, as many readers felt sure that he himself must be the author) this was Polidori's only lasting claim to fame, unless we add the fact that he was the uncle of Dante Gabriel, Christina and William Rossetti. When a female relation obliterated the scandalous anec*dote, William recollected and* piously restored it.

Polidori, driven to distraction by his gambling debts, presently committed suicide; but we may assume that his branch of the family—his sister had married Dante Gabriel's father, Gabriele Rossetti, a hard-worked professor of Italian at King's Col*lege, London—contributed some*thing to the literary evolution of his nephews and his nieces. Among that remarkable group, the eldest, Maria Francesca, though she occasionally wrote verse, had the smallest share of real talent and eventually became a nun; while William developed into a learned man of letters. On Dante Gabriel and Christina Rossetti, however, a spark of imaginative genius fell. Though Dante Gabriel was neither a brilliantly distinguished painter nor a richly gifted poet, he was one of the *founding fathers of the Pre-*Raphaelite Brotherhood, and sponsored a new mood, a new attitude towards the visible world, in the history of English art.

Four Rossettis is a study of the whole clan, and includes detailed portraits of their friends and allies, Ruskin, Swinburne, Meredith, as well as Burne Jones, Holman Hunt, William Bell Scott and that noble figure William Morris. Here, too, we renew our acquaintance with the women whom they loved—Rossetti's pathetic wife, Elizabeth Siddal, adored by Swinburne and nicknamed by the Pre-Raphaelites "Guggums," and Janey Morris, the object of his long and unhappy, if not entirely unrequited passion.

It is a long book; Professor Weintraub seems warmly attached to the period and to the personages he describes; but he is not, I think, a good biographer, since, although he is full of information, he fails to fuse his material into a satisfying literary shape, and his style is often awkward. We can forgive his transatlantic phrases —the original of Browning's "Mr. Sludge," we read, was "the first American medium to get extensive press coverage." Less pardonable are various sentences that defy analysis. What does *the Professor mean when he re*marks that the Polidoris "were not the marrying type, leaving the Rossetti children with handy recourse to such uncles and aunts as survived"? Or when he writes of Swinburne that "a wispy carrot-coloured moustache and thin beard attested to the frailty of his masculinity more than did his lusty ballads about cruel and beautiful women . . . "? How can Swinburne's amorous dithyrambs attest to his lack of genuine virility? Something surely has gone wrong here.

Nor is Professor Weintraub a perceptive literary critic. Christina Rossetti was an inspired religious poet in the great English 17th century tradition; and, besides her devotional verse, she gave us "Goblin Market," a strange symbolic masterpiece that portrays the conflict between innocence and experience—or *or between maidenly virtue and* dreams of sexual love—as it torments a young girl's mind. The Professor makes no real attempt to appreciate the work's poetic value, but suggests that it may have sprung from the poet's secret passion for her elder sister, "who could not have guessed at the intensity of *repressed and unrecognised erotic* feeling which was subconsciously transferred to her . . ."

Professor Weintraub also credits Christina with "lurid sexual fantasies," and quotes a fellow student, author of a book called *Literary Women*. The word "suck," Ellen Moers announces, "is the central verb of 'Goblin Market;' sucking with mixed lust and pain is . . . the particular sensation carried to an extreme that must be called perverse." This strikes me as preposterous rubbish, an example of a certain type of modern pseudo-criticism at its worst and most comically absurd.

The Pre-Raphaelites always *loved a joke. Rossetti once nearly* rolled out of bed when he heard a story that he enjoyed. Some of Professor Weintraub's and Miss Moers's glosses would have brought him tumbling to the floor.

Dour Dulles dynasty

BY GEORGE MALCOLM THOMSON

Dulles by Leonard Mosley. Hodder and Stoughton. £7.95. 530 pages.

*It was, as Dickens said of an*other city, the best of times; it was the worst of times. From the White House, known to the irreverent as the Tomb of the Well-Known Soldier, Ike ruled the U.S. with a Number Two iron. The Wasps had not yet lost their sting. Vietnam was still a far-off country of which we knew little. Joe McCarthy would, without a by-your-leave, lay a blonde in the best bedroom, not even troubling to remove the counterpane, as one hostess complained. And a sizeable segment of American policy was in the hands of the Dulles clan.

There were three of them.

1—John Foster D., a Presby*terian Talleyrand who mistook* the World Council of Churches for the Communion of Saints, looked after foreign affairs. He found it hard to distinguish Christianity from Success and impressed so many people with his moral authority that they were quite surprised when his knife slid between their shoulder blades. Although dangerous to America's enemies, he was more dangerous to her friends.

2—Allen D. (brother), was director of the CIA, pursuing the agents of Hitler, and later the KGB, with the enthusiasm of a demented boy scout into whose lap untold millions of dollars had been poured by an indulgent government. He was a victim of gout (psychosomatic), and an ardent devotee of women (not psychosomatic), two failings which can fortunately be combined with an active life as head of a world-wide network of bribery, spying, undercover work etc.

3—Eleanor Lansing D. (sister), was head of the Berlin desk at the State Department. To the horror of the family, she took a Jewish lover, and to the even greater horror of his, she married him. The husband, David Blondheim, found the strain of being excluded from Jewry too much, and committed *suicide*.

In his thorough and enthralling investigation of these three remarkable Americans, Leonard Mosley brings to light many facts that have been forgotten and some that were unknown. Most fascinating are his revelations about Allen Dulles.

Mosley had the good idea writing about him to Kim Philby in Moscow. That card-carrying creep, who had known Dulles well, thought him a "bumbling" sort of man. He should have known that the Dulles' were never so dangerous as when they seemed to be vague. In fact, Dulles had already rumbled Philby, warned by another CIA man, James Jesus Angleton.

One day, on their way to Buckingham Palace where Philby was to be given the OBE, Philby had said: "What this country needs is a good dose of Socialism." Perhaps he thought he should have had a Knighthood. At any rate, the evidence, although flimsy, was enough to convince Angleton that Philby "sounded like a Commie." He *passed on his suspicion* to Dulles, who shared his doubts with William Jackson, deputy director of the CIA. Jackson ordered that henceforth certain delicate information should be withheld from Philby.

Philby immediately sensed the change and, moving fast, arranged for the immediate removal to Russia of his accomplice, Donald Maclean. (He thought that he himself was safe.) Thus Allen Dulles was on Philby's trail in 1951, 12 years before the Foreign Office were ready to arrest him. Which was too late.

So, if Kim Philby had been given his K, there might have *been no betraying remark out*side Buckingham Palace and . . . the imagination boggles! In the House of Lords today, Lord Philby, KCMG? There have been stranger turns of the wheel.

On the U2 affair, Mosley is equally informative. The plane which could fly higher and photograph more accurately (down to the makes of car in the Kremlin parking lot) than any before, was financed out of Dulles' funds. RAF pilots were part of the operation. *One in five of the intrusions into Russian airspace was British.* Twice at least Eden authorised overflying of Russian territory.

While it lasted U2 was a CIA success, even greater than the Berlin Tunnel, dug into East Berlin to tap the telephone exchanges of the Red Army. Eventually the tunnel was betrayed to the Russians by the infamous George Blake.

Allen Dulles' first big coup in intelligence occurred during the war, when a German official, Fritz Kolbe, brought him a brief-case containing an immense store of top-secret documents. What is more, the German went on providing this treasure month after month.

Dulles had only one moment of crisis with him: Kolbe proposed to give up this enormously valuable work to join a plot to murder Hitler. The plot was sure to fail (it did); but Dulles had the greatest possible difficulty in persuading Kolbe to keep out of it.

"Suez": Mosley's account is somewhat different from the accepted version. Both Dulles brothers were involved. John Foster promised Eden his moral support, and declined to be told anything about the Anglo-French plan. The CIA pleaded with Eisenhower to see that the plan succeeded. But Ike, advised by John Foster and others, was afraid that it might lose him the election. He must "know" nothing. But, says Mosley, "He could have spoken out for or against it, and the electorate would have given him their wholesale vote of approval. His later indignation was pure hypocrisy."

Characteristic of the hysteria prevailing in Whitehall in those days is a reported meeting between Eden and Liddell Hart, the military expert. Eden had asked for an outline of a campaign in Egypt. After Hart had sent him four which were all rejected, he sent in the original version. Eden complained: "It takes five attempts before you get it right!" Hart said, "No, that is the original." Eden then threw an inkwell at his distinguished visitor. Hart jammed a wastepaper basket over the Prime Minister's head *and walked out! Fifteen all.*

But if anyone thinks that idiocy is a monopoly of the British, let him read about the Bay of Pigs disaster in Mosley's pages. The warlike Kennedys were as much at fault as anyone. But it was Allen Dulles who took the blame, at Bob Kennedy's insistence. Eleanor lost her job soon after. It was the end of the clan's era of power. The "Irish Mafia" took over.

It was, as Dickens said, the age of wisdom, it was the age of foolishness.

Pepita's daughter

BY RACHEL BILLINGTON

Lady Sackville by Susan Mary Alsop. Weidenfeld and Nicolson, £8.95. 275 pages

It is very difficult to write a convincing biography about a woman who is as *obviously* meant to be the heroine of a bad romantic novel as Lady Sackville. Her daughter, Vita Sackville-West, described her as "adorable . . . She was tiresome, of course, and wayward and capricious, and thoroughly spoiled, but her charm and real inward gaiety enabled her to carry it all . . . nobody could have failed to love her . . ." Rudyard Kipling wrote, "On reflection *the* most wonderful person I have ever met." Susan Mary Alsop is put in mind of an Offenbach opera and the blurb-writer conjures up visions of Cinderella. It is enough to make any self-respecting reader turn rebellious.

Nevertheless, it is an extraordinary story. By the end I could even sympathise with Ms. Alsop's repeated gasps of amazement at her heroine's unerring ability to be the centre of drama. I was more able, on the other hand, to appreciate where the fairytale turns to farce.

The facts are as follows: Lionel Sackville-West, a very correct British diplomat and fifth son of the Fifth Earl of Warr, forms a passionate liaison with the already married Spanish dancer, Pepita, whose mother is a gipsy and father just possibly a Spanish duke but more likely a pedlar. Pepita *dies in child*birth, leaving five of Lionel's children of whom the second is the eight-and-a-half-year-old Victoria. She is put into a convent in Paris and more or less abandoned.

At eighteen, she is removed from the convent, told she is *illegitimate* for the first time and brought to England. She is taken up by her aunt, the Countess of Derby, who decides to send her to act as hostess for her father who is now the British Minister in Washington.

Despite her unconventional background, she is belle of many balls, receives 12 proposals, including one from the President of America and one (not of marriage) from a Red Indian. However she returns to England on her father's political disgrace, heart-free.

Her father's disgrace turns out not to matter because he inherits Knole Park, the beautiful family house. Her heart-free state is also useful as her first cousin, Lionel Sackville-West the second, who will inherit Knole after her father's death, falls madly in love with her.

They marry. Vita Sackville-West, brilliant and beautiful, is born. All seems sunny. But there are storms ahead: two famous court cases. One on the death of her father when her Spanish/English/French brother, Henri claims that Pepita was married to Sackville-West and therefore he is the legitimate heir to Knole. All fashionable London queue to hear the case but Henri is vanquished. Vita is upset that her Spanish relations look like plumbers.

Case two comes after another death—this time of Victoria's close friend, Sir John Murray Scott. The enormous and enormously rich "Seery" leaves her £150,000 cash plus objets d'art worth £350,000. His family are furious. They sue Victoria for "undue influence." Again the fashionable voyeurs gather but again Victoria is victorious. The opposing counsel, the famous F. E. Smith, remarks later "that she was one of the most troublesome witnesses he had ever encountered."

Meanwhile, beautiful and brilliant daughter Vita is only just stopped running away from her husband, Harold Nicolson, for another woman, Violet Trefusis (cf. *Portrait of a Marriage* by Nigel Nicolson). "If V.T. was a man," Victoria comments, "I could understand but for a woman such love beats me and I try so hard to understand." She writes beside a photograph of Vita's next amoureuse, Virginia Woolf: "The awful face of a mad woman whose successful mad desire is to separate people who care for each other." By then Victoria is fairly mad herself.

After the war, relations with her own husband became so strained that she leaves him to his lover and her beloved Knole and goes off to end her days in three Brighton Houses converted into one by her great friend, Sir Edward Lutyens (McNed to her).

Finally, after death, her ashes spend a night at an oyster shop in Brighton and then are flung out to sea by her son-in-law. "Quel roman est ma vie!" was, not surprisingly, one of her favourite sayings.

Susan Mary Alsop ("a well-known member of American Diplomatic Society"—cf. blurb) is strongest on the seven years during which Victoria acted as hostess in Washington where the life is *less* familiar (at least to an English reader) than English Edwardian aristocracy at play.

The chapters on the court cases are inevitably fascinating with actual words of F. E. Smith and Edward Carson available and our heroine performing as all good heroines should.

But as Victoria gets older and her eccentricities become more harmful both to herself and to others, Ms. Alsop remains too reverent to enjoy the farce. Vita Sackville-West does it better in her book, *Pepita*, the life story of her grandmother and Victoria.

On the other hand, Ms. Alsop has the advantage of being able to speak out about Lionel's love affairs which are not even hinted at in Vita's book. She also has the biographer's greatest friend, a really intimate, unliterary diary in which Victoria vividly records such moments as when she found her husband and his lover, Olive Reubens, kissing under a tree, "Just like any soldier and his girl in the Park." (Sackville was 52 at the time.)

For a story in which none of the major characters are of major importance, *Lady Sackville* manages to be remarkably compelling.

Gallant escapade

Boarding Party by James Leasor. Heinemann, £4.90. 204 pages

This is a rich story, very British-of-its-time and gallant. *Basically*, in late 1942 a transmitter was working from a German ship which, along with three others, had sheltered in the neutral harbour of Goa and allied shipping in the Indian Ocean was being decimated. One thousand and four hundred miles away in Calcutta were bankers, merchants, solicitors *and accountants (among others)* all members of The Calcutta Light Horse AF(I).

The tale is of how 18 of those middle-aged civilians — including some from the Calcutta Scottish — formed their own boarding party, sailed from Cochin in the Hooghly River Hopper Barge No. 5 (the Phoebe built in Glasgow in 1912), put the Ehrenfels to fire and came home. A Hooghly River hopper barge for Heavens sake! And most people only joined these Auxiliary Forces (India) for the Polo, Tent-pegging, Paperchases and parties.

Mr. Leasor builds up the whole story—slightly slowly—with great detail and the core of the matter is very good reading.

At a reunion of the CLH in 1976 at the Albert Tavern, Victoria, London, the 70-80 members present were told of the now-published book. The story was news; it did explain the unwritten chapter in the CLH official history (published in 1957). "This portion of the History is suppressed for reasons of security." The Force was stood down in 1947.

The origins of the CLH go back to 1759 when irregular cavalry were raised "to stem the depredations of the Dutch upon the British settlement at Calcutta." It was never meant to conduct amphibian warfare and had The *Last Action of The Calcutta Light* Horse failed it would have been publicly put down to a drunken prank.

PAMELA JUDGE

The Management Page
EDITED BY CHRISTOPHER LORENZ

Veba, the Dusseldorf-based energy group, last week unveiled a £210m deal with British Petroleum. Its chairman disclosed his strategy to **Jonathan Carr.**

The power of BP's German partner

UNTIL last Friday when Veba announced a £210m deal with BP, *this giant* West German group was relatively unknown outside its own country. And even in Germany there still remains the impression that Veba is principally an oil concern.

But oil is only part of the story — and as far as Veba profits are concerned, a singularly unhappy part. Veba is a group active in almost every energy-related field — with a sizeable interest in hollow glass as well. Through the BP agreement, the Veba management has pulled off a coup chiefly in the oil sector which alters the company's structure and should greatly improve its long-term prospects.

BREAKDOWN OF VEBA'S GROUP SALES

(DMm)	1976	1977 (Provisional)	Change per cent
PRODUCTION			
Electricity	4,820.3	5,071.1	+ 5.2
Crude oil, natural gas, and chemicals	10,025.1	9,661.1	− 3.6
Hollow glass	470.5	466.1	− 0.9
Other	347.5	362.8	+ 4.4
PRODUCTION TOTAL	15,663.4	15,561.1	− 0.7
SERVICES			
Trading	10,065.7	9,970.8	− 0.9
Transportation	1,296.0	1,366.3	+ 5.4
Other	203.9	160.8	− 21.1
SERVICES TOTAL	11,565.6	11,497.9	− 0.6
TOTAL SALES	27,229.0	27,059.0	− 0.6

FINANCIAL RESULTS (DM m)

	1976	1977*
Profit before tax (on income and assets)	835	669
Tax	507	522
Profit after tax	328	147
Minority interest	103	70
Group profit	225	77

* 1977 results are provisional.

CAPITAL EXPENDITURE

	1976	1977*
Electricity	1,141	945
Crude oil, natural gas and chemicals	250	218
Hollow glass	25	24
Trading, transport and other	207	170
Investments	210	172
TOTAL	1,833	1,529

* 1977 results are provisional.

Inauspicious

But Veba had a somewhat inauspicious start. It was founded as "Vereinigte Elektrizitaets-und Bergwerks AG" in Berlin in 1929 to act as a holding company for the Prussian government's industrial interests. That was the year of the "great crash," and the joke then was that Veba was formed largely because the government needed a way of paying the salaries of some of its civil servants.

Today the Federal German Government has 43.7 per cent of Veba stock—making it much the biggest single shareholder. *But few joke* about the company's role any more. It is fair to describe it as the nucleus around which West Germany's energy plans revolve and through which some of them come to fruition. This is no *laughing matter in a country* with few indigenous energy resources, and where a vociferous internal opposition to nuclear power has recently developed.

Last year Veba's group sales totalled DM27.1bn, making it much the biggest company in *the country in turnover terms.* And of that total, DM11.56n, or more than 40 per cent, came from services, chiefly trading and transport. In that sector the key Veba holdings are Hugo Stinnes AG of Mulheim, acquired by Veba in 1965, and *Raab Karcher of Essen,* which was owned by Gelsenberg and *came to Veba in 1975 as part of* a controversial merger. The *two together control a substan*tial inland waterways fleet and warehousing companies. They also trade in coal, fuel oil, petrol, steel, chemicals and fertilisers and their activities to some extent parallel one another. It is not then so surprising that this was one of the *aspects of the controversial* Veba-Gelsenberg merger — a *move which was to create an* internationally competitive German oil company—which attracted the attention of the German Monopolies Commission. Nor is it surprising that Veba is relinquishing part of the Stinnes empire in the deal with BP.

Apart from services, Veba sales from production last year *totalled DM15.8bn, of which* about one-third came from electricity supplies. Although the sales figures might seem to belie it, electricity was, is and is likely to remain the core of Veba's activity. It accounts for the biggest single slice of Veba's profit and roughly 70 per cent *of its investment expenditure.* The main Veba holdings here are the Preussenelektra concern with its associates and subsidiaries, serving an area of North and Central Germany with a population of about 12m, and the Veba Kraftwerke Ruhr, which is a major supplier for the Rhine and Ruhr region. In all, the Veba *group accounts for* about 15 per cent of West Germany's electricity output. Roughly 17 per cent of Veba's electricity is generated in nuclear power plants, a much higher percentage than the national average. If German opposition to nuclear energy can be reduced, and there have been some moderately encouraging *signs of this over the last nine* months, then Veba stands to gain. It *is also worth noting that* Preussenelektra has a particularly high proportion of tariff-rate customers, that is clients whose electricity consumption is above the national average. Prospects for strong growth are therefore good.

But the gloom starts with that *sector of Veba activities which* embraces crude oil/natural gas and *chemicals* — together accounting for sales of DM9.7bn last year (including mineral oil tax). It is here (and to a much lesser extent in the glass sector) that the main reason for the 66 per cent drop in group profit to DM77m is to be found.

The contribution of chemicals *to profits dropped for those* reasons familiar to the industry throughout Europe—low sales *of organic chemicals,* oversupply of plastic, and reduced earnings from fibres. Against that must be set relatively buoyant sales of inorganic chemicals and the satisfactory use of capacity. And Veba is optimistic about the long-term trend.

Setback

The biggest setback came in the crude oil sector where *losses are described as similar* to those of the disastrous year *of 1975. This happened despite* the marked weakening of the dollar which cut Veba's oil import bill. West Germany's consumption of crude oil fell, there were fewer opportunities for petroleum products—and Veba's refineries were working only to 66 per cent of capacity *against 71 per cent in 1976.*

It might well be asked therefore whether the creation of a German oil group via the Veba-Gelsenberg marriage was not so *much a milestone as a mill*stone. Was it for this that the *two companies merged to* become, among other things, the biggest single refiner in Germany (just under 20 per cent of the market) and majority shareholder (56 per cent) of Aral, much the largest petrol *station network in the country?*

The answer is not that the merger should not have taken place but that it would have been better had it done so sooner. Had it been up to the executive chairman of Veba only, *Rudolf von Bennigsen Foerder,* it would have done so. Restruc*turing would have been far* easier before the oil crisis. But *the whole merger process took* time and argument. It finally went through in the exceptionally difficult market conditions of 1975. It was hard to see whether the merger provided opportunities for rationalisation but also bargaining counters for the future. In retrospect it is easier to see that in the wake of the accord with BP.

Veba has had three medium term objectives for its oil sec*tor.* It wanted to strengthen its crude oil position by obtaining two thirds of *its needs* either *from its own production sources* or from long-term contracts at competitive prices. It planned to cut back surplus refinery capacity while concentrating on the processing of refinery products. And it aimed to step up its activity not only in petrochemicals but in the chemical sector generally. The BP deal *was not the start of these efforts* but it has carried Veba consid*erably further along its chosen* path.

Veba already has partial access to North Sea oil via its 54 per cent stake in the exploration company, Deminex, which itself has an interest of more than 40 per cent in North Sea's Thistle field. Now *under the new agreement,* BP promises to supply Veba with 3m tonnes of *crude annually* at competitive prices up to the year 2000.

This takes Veba more than half way to its target of 11m to 12m tonnes *annually—two-thirds* of the amount required to feed *its refineries once the accord* with BP takes effect. Under the agreement, Veba is selling to BP holdings in refineries in Bavaria and Baden Wuerttemberg, thus cutting back its refinery capacity by 5.3m tonnes to 18.8m tonnes a year. Veba expects its use of refinery capacity to rise to an *average 85 per cent.*

With the DM 800m received from BP for the refinery and other interests, Vola will be able to intensify not only its own search for more crude oil but also its activities in the chemical sector. It has recently taken a big step in this direction with the first stage of its acquisition *of Bayer's stake in Chemische* Werke Huels, one of the *country's biggest chemical con*cerns. Veba now has 62 per cent *of the Huels stock and will take* the remaining Bayer stake at the end of the next year. Thus in the medium term Veba is building up a comprehensive chemical base, with big sales outlets and refinery output tailored to its needs. By selling to BP both Stinnes-Stromeyer Brennstoffhandel and (if final details are ironed out) the Stinnes Fanal company, Veba is losing a big fuel trading organisation and around 1,000 Fanal petrol stations around the *country. Veba's market share of* light heating oil will drop from *22 to 15 per cent and of heavy* heating oil from 25 to 15 per cent. Competition authorities, who will scrutinise carefully the deal as a whole, *will surely have* reason to applaud the Stinnes transaction. Meanwhile the entire trading operation of Raab Karcher *remains* at Veba's disposal.

Heavy price

In one sector—gas—it can be argued that Veba has paid a heavy price. By disposing to BP *of the Gelsenberg 25 per cent* share in Ruhrgas, the country's *biggest gas distributor,* Veba appears to have retreated from a *profitable growth path. Perhaps* this was just the painful part of a necessary price for the package. Or perhaps Veba has its own ideas on the future profitability of gas.

Whatever the explanation, the carrying through of the BP agreement seems bound to make Veba a stronger concern overall. The oil sector losses should be sharply reduced, weighing less heavily on the profitable electricity sector, whose future in *any case seems assured.* There appear to be big opportunities *for Veba in chemicals despite* the present depressed state of parts of the industry. And, not least, there are good prospects for more co-operation between Veba and Britain—and not only in oil.

Germany's leading energy strategist

RUDOLF VON BENNIGSEN-FOERDER could well be described as West Germany's leading energy strategist. Certainly his interests go far beyond the restructuring of *Veba, the energy group* of which he is executive chairman. The new accord with BP, which he was instrumental in carrying through on the German side, fits well into the strategy—but it is only part of it.

It could be suggested that strategy in so crucial a field must come initially from the Federal Government in Bonn. Besides the government has a stake of 43.7 per cent in Veba — much the biggest *single* shareholding — and has representatives *on the supervisory board.* This is true, but it would be wrong to suppose that the Government simply proposes and Veba obeys. It can just as well be argued that Veba's own energy schemes feed more easily into government policy because of the close ties between the two sides.

Mr. Von Bennigsen-Foerder knows a lot about the relation*ship between government and* industry from the inside. He was born in 1926 *in Berlin* (three years before Veba was founded in the same *city*), studied law in Germany and Switzerland and entered the Finance Ministry in Bonn in 1957. His special field was legal aspects of government holdings in industry — experience which stood him in good stead when he went to Veba in 1959. He *became chairman in 1971 — and* thus has guided the group *through some of its toughest* years, through the merger with Gelsenberg, the cartel problems associated with it and the oil crisis.

His main experience has thus been on the legal and financial *side — not directly on energy.* Yet he has a clear concept not *only of where the European oil* industry should go but what its relationship should be to other energy sources.

For years he has been urging *closer co-operation between the* European oil companies — not *only the better to defend their* own interests against others but to work more effectively with the developing world.

He sees the future of the German oil sector to be in a move away from simple refined products and towards a higher *degree of conversion* — more sophisticated products coming from the most modern technology. *The BP deal helps* Veba do just that. In his view this not only makes sense because the oil-producing countries will soon be insisting that they will *only sell crude oil along with* products they have refined themselves. He also sees it as part *of an effective development* policy, a division of labour under which the *Europeans move* up to higher technology and the OPEC *states develop* their refinery industry.

This might *seem to make for* a difficult relationship with the British. Indeed Britain as both a developed industrial nation and an oil producer, occupies a *special position. But* even Britain's insistence that Deminex (in which Veba holds 54 per cent) must land 50 per cent of its oil from the Thistle *field* in Britain does not seem to have unduly upset Veba. On the contrary, there seems to be an appreciative recognition that Deminex has actually been treated rather better than some *other interests.*

In fact Mr. von Bennigsen-Fuerder spoke with the greatest warmth about co-operation with the British even before the BP deal was announced. Clearly West Germany's leading energy *concern and Europe's leading oil* producing nation are natural partners. *Beyond that there are* close personal relations between members of the Veba board and their British negotiating partners.

Rudolf von Bennigsen-Foerder

Business books

A guide to the Government's *recent White Paper on industrial* democracy has been published *by the Industrial Society.* It explains the various parts of the White Paper including the proposals for legislation on employee consultation and worker directors. It is available from the Industrial Society, 48 Bryanston Square, London, W1, price £1.

Program Management Control Systems, by Joseph A. Maciariello. *John Wiley and Sons.* Price: £14.00. The aim of this book is to integrate various contributions with regard to the management of complex programs, together with some new *ones, into an operational system* for the practice of program control.

Systemantics, *by John Gall.* Wildwood House. Price: £2.95. *An insight into how systems* work and especially how they fail.

Comparative Industrial Relations in Europe, by Derek Torrington. Associated Business Programmes. Price: £8.95. This presents a wide view of European prospects in the area *of industrial relations* by examining a number of dif*ferent aspects of the current* situation and trying to discern *future possibilities.*

The Meat Trade in Britain, 1840-1914, by Richard Perren. Routledge and Kegan Paul. £7.50. The theme of this book is the changing nature of the meat trade in Britain over the 74 years prior to the First World War.

Urbanisation and Conflict in Market Societies by Kevin Cox. *Methuen and Co,* £10. This focuses on the conflicts of *interest generated in the opera*tion of urban land markets, housing markets and the like, their origin in market societies and their impact upon the changing geography of the city.

Financing the Solar Home by *David Barrett,* Peter Epstein and Charles M. Haar. Lexington Books. Price: £15. The results of a study, focused on the immediate tasks of assessing lender receptivity to solar energy and developing incentives aimed at increasing the willingness of lenders to finance solar homes, are presented in this book.

Practical Performance Appraisal by Valerie and Andrew Stewart. Gower Press. Price: £8.50. The aim of this book is to help anyone, whether general manager or personnel specialist, who has to set up or run a performance appraisal system.

LOMBARD

The anti-foreign lobby

BY GEOFFREY OWEN

IT SEEMS that trade union opposition to the Tenneco bid for Albright and Wilson, which was discussed in this column last Friday, has been partially allayed. The American company is expected to give undertakings about maintaining the British management of the business and about investment, exports and employee participation. If these are satisfactory to all concerned, the Government should be let off the hook as far as a reference to the Monopolies Commission is concerned—and it will no doubt be relieved about that. However, the issues raised by this affair are likely to come up again. Opposition to foreign take-overs, whether from employees or from other sources, may well become more vocal. The Government may have to decide whether to deal with the opposition on an *ad hoc* basis, within the general policy of encouraging inward investment, or to modify the policy.

Indiscriminate

There is a group within the Labour Party which is worried about the influence of foreign-owned companies over the country's economy and would like a review board, along Canadian lines, to examine whether each proposed investment is in line with national objectives. There is also a feeling in parts of industry that the Government has been too indiscriminate in its wooing of foreign investors.

Some years ago the British fibre makers were not happy when American rivals like Du Pont and Monsanto were invited to set up here, with considerable aid from the taxpayer; there was a fear that these investments would create over-capacity. More recently there has been strenuous opposition to some proposed Japanese investments. Lobbying by the domestic industry frustrated Hitachi's plan to build TV sets in the U.K. There are rumblings about a suggestion that Komatsu, the manufacturer of construction equipment, might set up a factory here.

Ironically, a leading role in the fight against Hitachi was played by a foreign-owned company, Philips, whose operations throughout the world depend on a liberal policy on the part of national governments towards inward investment. Philips' subsidiary, Mullard, has just put out a document on the future of the British electronic components industry. Among other things, the paper calls for an "urgent reappraisal" of the criteria used by governments to assess inward investment projects.

Mullard would like to see the opinions of the established UK manufacturers given much more weight. The Government should ask whether existing UK capacity is sufficient to meet present and future demand, whether the investment will develop the skills of the UK workforce, provide long-term employment, include a research and development programme, result in a net increase in jobs and lead to import substitution and an increase in exports. Acquisitions, as well as new factories, should be subjected to the same tests. The implication is that if, say, Hitachi bought a British TV manufacturer, the proposal should be referred to the Monopolies Commission or some other body to see whether the deal was in the best interests of British industry.

In one sense this is just an attempt by one company to preserve its market position against unwelcome competition. But Philips is a large and important company. Its attitudes towards Japanese companies are shared by many European businessmen. The paper puts particular emphasis on Japanese pricing tactics, which are described as predatory and unfair—"the selective and relentless attack on target markets at prices well below the level of viability of their competitors, if not also their own." Mullard argues that the investment in the UK by YKK, the Japanese zip fastener company, has led to a net loss of jobs in the British industry and has not achieved any worthwhile balance of payments advantages. *The investment by NSK, the ball bearing manufacturer, is criticised on similar grounds.*

Undertakings

The document seems to call for two responses, one from the Government and the other from the Japanese. The Government should re-state its attitude to inward investment, making it quite clear that while it will wish to take a view about the value of any proposed venture to the economy (as it does now) and seek undertakings where appropriate, it has no intention of making it more difficult for Japanese companies to invest in the UK than it has been, say, for the Dutch or the Americans.

Secondly, it is time Japanese companies woke up to the fact that they are losing the propaganda battle. They may think that all they have to do is to produce goods which people want to buy. But in these days of high-pressure lobbying that is not enough. They have to convince governments and the public that their trading methods are reasonable and that the competition which they offer, whether through exports from Japan or by direct investment, is fair.

Catalyst in the Highlands

AROUND BRITAIN

AVIEMORE

BY JOHN GRIFFITHS

THE CLAN MacDuff in the 18th-century dealt with an upstart sheriff by turning him into soup. A small proportion of the long-established residents of the Scottish Highlands' rugged Spey Valley were inclined to do much the same to the proponents of the Aviemore tourism centre when it first sprouted a chunk of architectural Americana, near the foot of the Cairngorms 11 years ago.

A few still feel that way. But the majority of the 40 mile *long* valleys' population of 9,000 has welcomed its arrival and the fact that it has achieved most of the goals first set for it in 1964 by its chief instigator, the late Lord Fraser of Allander, then head of the House of Fraser Group.

The *declared brief was to* create a domestic tourism magnet: to give Scotland a strong new lever with which to crack open the international tourism market; and to provide some kind of economic base to help stem the seemingly inexorable drift of population from the *Highlands. And, of course,* to make money.

The first three objectives have met with almost unqualified success. The complex of five hotels, restaurants, sport and leisure facilities has injected fresh life, opening up new business and social opportunities and reversing the outflow of young people in particular from the area. The centre is paying its way. But with a very heavy plough-back into extending facilities — "I don't think there's been more than a three-month period since we opened that we haven't had the builders in" says managing director Mr. Morris Marshall — it is hovering in the black rather than taking off *financially. The centre's latest* addition, its Clan Tartan Centre where the origins of 8,000 Scottish names can be traced by computer has just opened, and a planetarium is on the way.

Employment

The effect on Aviemore itself has been dramatic. Eleven years ago it was a declining community of 600, its main prop from its role as an important railway junction long since chopped away by the Beeching axe. Today, its old, greystone houses straddling the main A9 roadlink between Inverness, 30 miles to the north, and Perth have been joined by over 300 new homes and the population has reached 1,800. It is still rising. While a dearth of jobs has been a perennial problem elsewhere in the Highlands, Mr. Marshall's claim that "quite simply, Aviemore has no unemployment" is fully endorsed by the region's Employment Service Agency.

The centre and its hotels, currently employ about 550—half the town's working population. The majority have come from "outside" some only temporarily, but with a good number setting down roots. "At the *start everybody worked here."* Mr. Marshall recalls, "but small businesses such as craft shops and potteries have proliferated on the back of the Centre's own presence and now account for an increasing share of the town's employment." A few small factories have opened, but industry as such is negligible nor would it be widely welcomed.

The impact made by the centre has rippled out along the Spey to affect the whole of the valley. Tourism for a long time has been the valley's main occupation, with forestry and farming as also-rans. But a decade ago the season consisted mainly of 12 weeks during the summer; skiing had been there for many years but it took the arrival of the Aviemore Centre to place it on a fully commercial footing. Now there are four chairlifts and seven ski-tows operating with a further ski-tow due to start up this coming winter. Largely as a result of the all-year indoor facilities at the Centre, ranging from conference facilities for up to 4,000, to theatre, cinema, indoor swimming pool, squash courts, dry ski-slope—and even a go-kart track—the base of Spey Valley tourism has been transformed.

The many hotels and boarding houses which used to close their doors with the end of summer now stay open all year. Tourism officials say that far from luring visitors away from the smaller traditional hotels which line the valley, the Aviemore Centre has helped fill them.

Apart from the three further hotels planned eventually for the 90-acre centre site itself, a cluster of new developments by various operators including the Automobile Association and the Forestry Commission are at various stages in the pipeline.

There is increasing emphasis on self-catering; for the Spey Valley's appeal is mainly that of the outdoors and to the self reliant. Two of Aviemore Centre's own hotels are self catering. When a quizical eye-brow is raised at the Centre's go-kart track and "Santa Claus land" Mr. Marshall is quick to insist that "We are not a toffee apple and ice cream operation." Facilities *like these,* the argument runs, are mere time fillers for the kids between the more serious pursuits of exploring the adjacent 100 sq mile Cairngorm Nature Reserve and the wealth of outdoor sports, from sailing to gliding, most of which, like skiing, have been placed on a sound commercial basis.

Facilities

At the moment, about three-quarters of a million people visit the Aviemore Centre each year, some to stay, many others merely to spend the day. At this volume, the centre's facilities are underutilised.

Its hotels are well filled throughout most of the year; indeed two had to be doubled in size within the first 18 months. But they are run separately from the centre itself, Highland Tourist (Cairngorm Development), jointly owned by Scottish and Newcastle Breweries, Tennent Caledonian and House of Fraser, operates the centre and owns the site; the hotels, which include a Post House and both S and N and Tennent Caledonian Hotels, are concessionaires.

But as the extra hotels are added to the centre Mr. Marshall is confident that the £4m invested so far in the facilities will prove as justified commercially as it is now considered to be socially.

There is almost total co-ordination between the hotels in marketing (the Highlands and Islands Development Board has also played a close role). In particular, the centre is chasing hard after lucrative conference business, and over 50 have been secured for the current financial year. Volvo and the Law Society are among those who have been drawn in, and the centre has become the traditional home of the Scottish International Motor Rally.

For the past four years, however, the growth of tourism in general has been slow and steady rather than spectacular. It is only just getting back to the pre-recession levels of 1973, when the Highlands' 2m recorded visitors provided some £80m-£90m in revenue for Scotland, of which the Spey Valley and Aviemore accounts for about one tenth.

Music Maestro for a surprise

RACING

BY DOMINIC WIGAN

BOOKMAKERS, who can have few complaints about the first three days of Royal Ascot results, may do even better this afternoon and virtually scoop the pool for the King's Stand Stakes.

For in this event, Solinos, considered an Irish banker for the O'Brien-Piggott team by many, could meet his match in Newmarket's Music Maestro.

A powerfully-made Song colt from Michael Stoute's in-form Beech Hurst stable, Music Maestro, a stable companion to Shangamuzo, who pulled off a surprise win in the Gold Cup *yesterday improved* tremendously towards the end of last summer.

In Doncaster's Flying Childers Stakes, Music Maestro came through strongly inside the final furlong to beat the fast Wragg filly by three-quarters of a length for his fourth consecutive win.

Past his peak when beaten a long way out in the William Hill Middle Park Stakes on his final juvenile appearance, Music Maestro has run respectably on two starts this spring without recapturing *his former* brilliance.

In the belief that he is now back to his best and will be suited by any further spells of the heavy rain which lashed the course yesterday, it should be worth taking a chance with the Newmarket three-year-old.

Solinos, whose stable lifted the race a year ago with Godswalk, is probably a good forecast bet.

ROYAL ASCOT

2.30—Ardaluan
3.05—Classic Example
3.45—Soft Pedal
4.20—Music Maestro***
4.55—Nonchalant*
5.30—John Cherry**

Piggott, who has had a quiet meeting by his own exacting standards, should have few problems later in the afternoon *on John Cherry,* the meeting's safest bet in the Queen Alexandra Stakes.

£250,000 aid for abbey repairs

THE GREATER London Council —subject to the approval of its *finance and establishement committee*—is making a grant of £250,000 towards the restoration of Westminster Abbey.

Mr. Horace Cutler, leader of the council, said: "We have had an appeal from the dean and chapter of the abbey, which is one of the best known and loved buildings in London. It is *certainly one of London's* greatest treasures

"It is undoubtedly our duty to help with the preservation of these symbols of British culture and tradition. Far too much of our national heritage is being lost through neglect."

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 am Open University. 12.45 pm Teithi'r Tir. 1.15 News. 1.30 How Do You Do! 1.55 Tennis/Royal Ascot. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 It's the Wolf. 4.50 Take Hart. 5.10 Tabitha. 5.35 Roobarb.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 World Cup Report.
7.30 The Wonderful World of Disney.
8.15 The Black and White Minstrel Show.
9.00 News.
9.25 Petrocelli.
10.15 Shades of Grey (BBC prize-winning artists and shows).
10.45 Regional News.
10.46 Athletics: The Nationwide *Building Society* AAA Championships.
11.25 The Late Film: "Rogue's Gallery," starring Brian Donlevy.

All Regions as BBC 1 except at the following times:—

Wales—1.30-1.45 pm O Don Y Mor. 5.10-5.40 Telliffant. 5.55-6.20 Wales Today. 10.45 Kane on Friday. 11.15 Join BBC 1 London for Athletics. 1.00 am News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 6.15 Scottish Liberal Party Conference '78 from Perth. 6.25 Join BBC 1 London for Nationwide. 10.15 The Beechgrove Garden. 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 *Scene Around Six.* 10.15 Lifetimes 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC-1 4.20 pm).
2.00 pm Royal Ascot.
4.30 Tennis: Colgate International Women's Tennis Tournament (semi-finals).
4.55 Open University.
7.00 News On 2 Headlines.
7.05 That's The Way The Money Goes.
7.30 Newsday.
8.15 The Money Programme: Small is Bountiful: starting new ventures.
9.00 M.H. & 5p: Fivepenny Piece with Mike Harding.
9.30 The Great English Garden Party: 100 Years of Wimbledon (Peter Ustinov looks back).
10.20 The Devil's Crown.
11.15 Late News On 2.
11.25 Rugby Union. Australia v. Wales (highlights).
12.10-12.20 am Closedown (reading).

BBC-2 Wales Only—7.05-7.30 pm Heddiw. 12.10-12.35 am That's The Way The Money Goes.

LONDON

9.30 am A Diary Of Civilisations. 10.20 "The Great American Beauty Contest," starring Eleanor Parker, Bob Cummings and Louis Jourdan. 11.30 Inner Space. 11.55 Beany And Cecil Cartoon. 12.00 A Handful Of Songs. 12.10 pm Rainbow. 12.30 Power. 1.00 News plus FT index. 1.20 Help! 1.30 The Better Sex. 1.30 Crown Court. 2.00 Money-Go-Round. 2.25 Rawhide. Queen's Club Tennis. 4.15 Golden Hill. 4.45 Fanfare. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 The Pink Medicine Show.
8.00 Hawaii Five-O.
9.00 People Like Us.
10.00 News.
10.30 Police Five.
10.40 The South Bank Show.
11.40 Baretta.
12.40 am Close—Music by Elgar, painting by Constable.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Manfred. 9.55 Richard Pearse. 10.45 Safari In The City. 11.10 Roger Whittaker Show. 11.35 About Britain. 12.55 pm Anglia News. 5.15 Chatterbox. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 Probe. 11.00 The South Bank Show. 12.00 Police Surgeon. 12.30 am Your Music at Night.

ATV

10.20 am Friends Of Man. 10.45 The Rise And Fall Of Laura Ashley. 11.35 The Roger Whittaker Show. 12.50 pm ATV Newsdesk. 12.25 The Movie Matinee: "The Straw Man," starring Dermot Walsh, Clifford Evans and Lana Morris. 3.45 The Sullivans. 5.15 Breakaway. 6.00 ATV Today. 8.00 The Incredible Hulk. 10.30 The South Bank Show. 11.30 I'll Get You Into Pictures.

BORDER

9.30 am Flying Jewels. 9.55 Certain Women. 10.40 Safari In The City. 11.10 The Roger Whittaker Show. 11.35 About Britain. †12.50 pm Border News. 5.15 The Lincolnshire Show. 6.00 Lookaround Friday. 8.00 The Incredible Hulk. 10.30 Merry Neel. 11.00 The South Bank Show. 12.00 The Practice. †12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 6.00 Report At Six. 8.00 The Bionic Woman. 10.28 Channel Late News. 10.32 Summer of '75. 11.00 The South Bank Show (Hal Prince). 12.00 News and Weather in French.

GRAMPIAN

GRANADA

HTV

Report West Headlines. 12.55 Report Wales Headlines. 2.00 Women Only. 5.15 The Undersea Adventures Of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.30 David Niven's World. 11.00 The South Bank Show.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except: 12.55-1.00 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.55 am Funky Phantom. 10.20 Dynomutt, the Dog Wonder. 10.35 Safari in the City. 11.05 The Roger Whittaker Show. 11.35 About Britain. 12.50 pm News and Road Report. 1.00 Mr. and Mrs. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 Quincy. 10.30 Ways and Means. 11.00 Late Call. 11.05 Friday Cinema: "The Bravados," starring Gregory Peck.

SOUTHERN

9.30 am David Niven's World. 9.55 Nature Of Things. 10.45 Safari In The City. 11.10 Roger Whittaker. 11.35 About Britain. 12.50 pm Southern News. 2.00 Women Only. 5.10 Weekend. 5.20 Crossroads. 6.00 Day By Day. 6.00 Scene South East. 6.30 Survival. 8.00 The Incredible Hulk. 10.30 The South Bank Show. 11.30 Southern News Extra. 11.40 Richie Brocklemah Private Eye.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 9.30 Big Blue Marble. 9.55 Amavour—Yesterday When I was Young. 10.05 Safari In The City. 11.10 Roger Whittaker. 11.35 About Britain. 12.50 pm North East News and Lookaround. 5.15 Mr and Mrs. 6.00 Northern Life. 8.00 The Incredible Hulk. 10.30 Sportstime. 11.00 The South Bank Show. 12.00 The Practice. 12.30 am Epilogue.

ULSTER

10.35 am Safari In The City. 11.05 Roger Whittaker. 11.30 About Britain.

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

RADIO 4

F.T. CROSSWORD PUZZLE No. 3,700

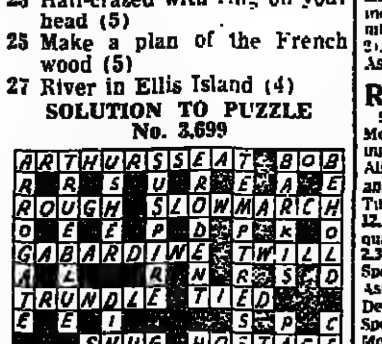
ACROSS

1 Bachelor Briton using cockney vulgarism (6)
4 Frenchman surrounded by boyish voices shudders (8)
10 Unlike a harp it requires little pluck (7)
11 Topical variation that is visual (7)
12 Doctor on a satellite (4)
13 Against essay on a theme? No, just the opposite! (10)
15 Vaporous side in Surrey (6)
16 One more that's different (7)
20 Soak the French and race if chase follows (7)
21 Movement from one in part of London (6)
24 What Army officers get as additional payment (10)
26 Invite Eastern leader to wait (4)
28 Salesman allowed Oriental to be completely filled (7)
29 Spend time in a journey (7)
30 Whispered about article in food (8)
31 Agree when posted (6)

DOWN

1 Member of two unions could be a criminal (8)
2 Psychological condition of person in Rover in race (9)
3 Always the night before the start of Ramadan (4)
5 Soldiers going to the east and rising again (8)
6 Lighter game to tolerate (10)
7 Colonel returning to us in a place (5)
8 A drop of soda-water to throw about (6)
9 Exploiting you and me in Greek capital! (5)
14 Lisp mimed in pet arrangement (10)
17 Cheer about one minute and kill (9)
18 Insensitive viewer (5-3)
19 Apprentice going round Fleet Street district is unbecoming (8)
22 Mark on sailor could be a beetle (6)
23 Half-crazed with ring on your head (5)
25 Make a plan of the French wood (5)
27 River in Ellis Island (4)

SOLUTION TO PUZZLE No. 3,699



هكذا من الأصل

St. John's, Smith Square

Divertimenti by DAVID MURRAY

St. John's 250th Anniversary *celebrations continued* last night in the youthful hands of Divertimenti, a chamber orchestra conducted by the experienced Lionel Friend. Last things first: they concluded nobly with Richard Strauss's troubled valediction *Metamorphosen*, a "study for 23 solo strings." The piece runs severe risks: its luscious chromatic texture *curdles with a soupçon* of mistuning, and if the *conductor lets* its dramatic arch sag it suggests what Stravinsky *felt* (unfairly) in Janacek's operas—toothpaste squeezed out of a very long tube. Almost every player carries some *solo* burden, for Strauss did not cheat by giving all the work *to the* first desks. Finally, the acoustic halo of St. John's was a potential threat to the clarity of the proliferating voices, without which they blend into sludge.

Mr. Friend and his players *surmounted all those dangers* with great credit, and the result was both moving and beautifully shaped. Divertimenti's first desks are strongly manned (by *both* sexes), but *none* of the rank-and-file was content to *coast along*. The music gathered the broad impetus necessary to match its ever-richer texture, and rose to a keenly sustained climax; the dying fall was poignantly measured, though perhaps Friend was too anxious not to over-insist at the last citation from the *Eroica*. All the playing *was so clean-lined that the heady* acoustic only flattered it, without *smudging*.

The earlier half of the concert made a scrappier impression. In Bach's Cantata No. 170, "Vergnügte Ruh'," the string and a chamber *organ were uneasily* mated, and in place of the usual (doubtless unauthentic) contralto soloist we had John-Angelo Messana's highly-strung countertenor. He was cruelly tried by the second aria, which makes *extreme demands on breath control*, though he recovered his aplomb for the sturdily reassuring one which ends the work. The witty edge of Stravinsky's "Ragtime" and his second Little Suite was blunted in this hall, despite Divertimenti's crisp attack. The protracted redistribution *of the orchestra before* each of these trifles took longer *than the music itself—and the* interval passed more slowly than the subsequent *Metamorphosen*, too. Celebrations should not be so leisurely.

Young Vic

Bartholomew Fair

Michael Bogdanov, the new Artistic Director of the Young Vic, obviously intends the *style* of business to be much the same as before. His high-spirited version of a day in the stews of *Smithfield* is happy-go-lucky, come as you are, bright around the edges, but weak at the centre. All energy is concentrated on side-show effects and they begin in the *pub next* door with an actor tearing a telephone *directory in half*. As the Bartholomew vapours rise to *accommodate* the *family* of the righteous Justice Overdo, the impressionable Littlewits and the callow Bartholomew Cokes, the spacious interior of the theatre is *positively infested* with punk punks, baton-wielding *policemen*, and gymnasts on large balls and tall stilts.

Nightingale the balladeer becomes a guitar-toting pop star in bangles and satin; the cutpurse Edgeworth, a fey mock-innocent in a three-piece suit; Grace Wellborn, a scheming in*truder* with a *modern* sexual appetite; Leatherhead, the hobby-*horse dealer*, a Petticoat Lane spiv with a colourful tray of flying birds, spinning tops and cuddly toys.

Other characters will not yield to this sort of random trickery. Ursula the pig-woman, for instance, cannot really be presented *as anything other than* a sweating loudmouth in voluminous rags, *and nor is she. The* Justice's sanctimonious counter*part*, *Zeal-of-the-Land* Busy, descends on the scene with evangelical fury in regulation black trilby and frock coat. If a Jonson comedy is to be done in modern, or modish, dress, then a design solution must surely be found for the entire presentation.

In an uneven cast, James Carter as *Leatherhead and* Philip Bowen as the chinless Cokes each emerge with much credit. But the rest operate in fits and *starts* between the gags. The bawdy puppet show is unusually entertaining. The text given is reasonably full, with a fair amount of tolerable updating in the manner of Peter Barnes. I miss, above all, a *joyous sense of relish* in the language such as evinced in *Richard Eyre's Nottingham Play*house production last year, in *which Ken Campbell made an* indelible impression as Knockem the *horse-courser*.

MICHAEL COVENEY

St. Bartholomew's music festival

One of London's oldest churches, the Priory Church of St. Bartholomew, founded in 1123, will be the venue of London's first festival of 20th century music.

The festival, from July 4 to 15, will represent the work of 32 British composers and 16 countries, and there will be 27 premieres in the 23 lunchtime and *evening concerts*.

It has been organised by Andrew Morris, the church's *organist, and* will embrace the three 20th century music organi*sations in London—SPNM*, the Park Lane Group and the New Macnaghten Concerts.

Among the highlights is a concert of works by Krzysztof Penderecki on the evening of Friday, July 14, with the composer conducting the London Chorale and the Royal Academy of Music *Symphony Orchestra. It will in*clude the British premieres of his *De Natura Sonoris 1*, *Caprice for Oboe* and *Caprice for Violin*.

The festival opens with Andrew Morris conducting the second London performance of Taverner's *Ultimos Ritos* and the following evening the Koenig *Ensemble* will play works *by* Paul Ziolo, Colin Matthews (world premiere), *Jaroslav Rybar* and Janacek.

The Nash Ensemble offers Messiaen's *Quartet for the End of Time* on July 6, and the following day Jane Manning (soprano) and Barry Guy (double bass) collaborate in a lunchtime programme including works by Guy, Michael Finnissy, Barry Anderson and Xenakis.

The Wren Orcestra conducted by Howard Snell gives Stravinsky's *Octet* and *The Soldier's Tale* and Walton's *Facade* on July 8, and on July 10 Electric Phoenix interpret Stockhausen, Cage and others.

British premieres of works by Stachowski, Fukushima, Acker *and Sobal feature in the Lontano* Ensemble lunchtime concert on July 5 and the SPNM concert in the evening conducted by Lionel Friend will include the world premiere of Harold Allen's *Blame Not My Lute* with Timothy Walker the guitar soloist.

Cinema

Oxford supplies the suspense

by NIGEL ANDREWS

Oxford Film Festival

The Stepford Wives (AA)
Paris-Pullman and Plaza [illegible]

The Medusa Touch (A) *Plaza*

The Comeback (X)
ABC Shaftesbury Avenue and General Release

For the past two weeks England's city of dreaming spires has been metamorphosed into a city of bustle and film-frenzy. This is the last week of the second year of the Oxford International Film Festival (it ends on Sunday night): an event *begun in February 1977 with the* laudable aim of supplying the *missing link left in the British* festival circuit by London and *Edinburgh. Of these two strictly*-for-the-devotee festivals, one is a saturation view-in of the year's critically best-acclaimed films; the other a sternly Scottish demonstration of the principle that cinema is education first, art second, and entertainment a humbly trailing third.

The missing ingredient in both cases is glamour, and that is the item *Oxford has been trying to supply*. As yet, the festival is squaring up to its task with a budget appreciably less than that of London, and a choice of between-film cultural diversions far less extensive than those available at the Edinburgh Festival. Indeed the main characteristic of the Oxford event, in its two-year history to *date has been not glamour but* suspense. Will the new films arrive on time? *Will the major* distributors honour their promise not to open the latest Peckinpah or Bogdanovich opus in England *before its Oxford premiere*? And will the hoped-for star guests arrive for the festival from their *respective far-flung corners of* the globe?

The answer, alas, has tended to be no in as many cases as yes. *Films have arrived late*, distributors have thought twice about the appeal of premiering their wares outside London, and this year's intended VIP Rita Hayworth, slated for the role of Honorary President of the Jury, *did not turn up* although a red carpet waited optimistically for *her on the steps of Oxford's* Randolph Hotel.

That chronicle of ill luck, however, takes no account of Oxford's improvement in performance and ambition this year (over last), or of the determina*tion glinting behind the steel*-rimmed spectacles of 23-year-old *festival organiser Philip Bergson*. In the teeth of copious unhelpfulness from foreign distributors and tenacious rivalry from the London Film Festival, Bergson has put together the festival's first competitive event and has *found some worthy films to put* in it: Australia's *The Irishman*, France's *[illegible]*, Israel's *Rockinghorse* [illegible] (shown in the Cannes Directors' Fortnight) and, the star attraction, Liza Minelli in *A Matter of Time*, directed by her father Vincente. Outside the competition, which stipulates that its films must be *based on* a story, novel or play, are a host of original works receiving their first British screenings, among them Lina *Wertmuller's* [illegible] *Blood of Rum*, Paul Mazursky's *An Unmarried Woman*, which won its star Jill Clayburgh the Best Actress award at Cannes this year, and the superb Russian film also shown at Cannes, *In Search of Anna*.

The festival has been staging, *in addition*, a number of "special events," most interestingly an *anthology* of films gathered together under the title "*Goodbye to Berlin*" and tracing the influence of Nazism on cinema before, during and after World War Two. The titles range from the 1922 vampire classic *Nosferatu*, which many have seen as a [illegible] of the rise of Hitler, to such latterday essays in Nation-Socialist Kitsch as *Cabaret* and *The Night Porter*.

For all its diminutive budget, *furthermore*, Oxford has succeeded in attracting a fair quota *of film-world* [illegible] *to the festival*. Last year's British *premiere of Marco Bellochio's* *Marcia* [illegible] was attended by Franco Nero and Vanessa Redgrave, and Bergson himself chaired [illegible] to open the festival. This year's closing night ceremony will be attended by Joseph Cotten, Christopher Plummer, Harry Woodman and James Mason.

Next year, one hopes, the *festival will edge nearer towards* fulfilling the enormous potential the event has as a movie get-together—and that Oxford itself has a venue. This architectural and scholastic oasis, shimmering within easy reach of London, is the perfect setting for a festival aimed as much at the tourist and the casual visitor—from home or overseas—as at the *movie aficionado*. Next year Bergson is hoping to hold the festival a week or two later, when the university term has ended, and to requisition an Oxford college to house guests. Such a move would draw foreign tourists—not least Americans—like pilgrims to a new shrine. *England needs a festival with a* dash of glamour and flamboyance, and Oxford is busy answering those requirements.

★

And so to London. *The Stepford Wives* nicely illustrates the way *radical social movements* gradually filter through to popular art. Or not so gradually in this case, since Bryan Forbes's highly entertaining impromptu on the theme of Women's Lib, scripted by William Goldman *from a novel by Ira (Rosemary's Baby) Levin*, was made three years ago and spent most of its early life cold-shouldered by distributors, on cable television in America.

It concerns the adventures of a young New York wife and mother (Katharine Ross) who *moves from the big city*, with husband and child in tow, to take up residence amid the seques*tered charms* of Stepford, Connecticut, a small town in America's equivalent of the Home Counties commuter belt. *Here* peace and composure are almost sinisterly omnipresent: not least in the placid countenances of the neighbouring wives who all walk *about*, in lace pinafores and coiffed hair, like wound-up mannequins.

Miss Ross's only consolation and ally is her screwball neighbour Paula Prentiss, whose kitchen is an exemplary mess, and who combines a foul mouth with a healthy contempt for the male *chauvinism and female submis*siveness all around her. However, when *Miss Prentiss goes away for* a week-end with her husband and returns behaving like the Ideal Wife, purring recipes and domestic bromides, Miss Ross knows that something very sinister is going on. . . .

Visit the movie and uncover the mysteries yourselves. Though made strictly within a commercial format, the film is a spry, witty and hugely enjoyable fable: *one of the happiest marriages* that recent cinema has given us between science-fiction fantasy and social allegory.

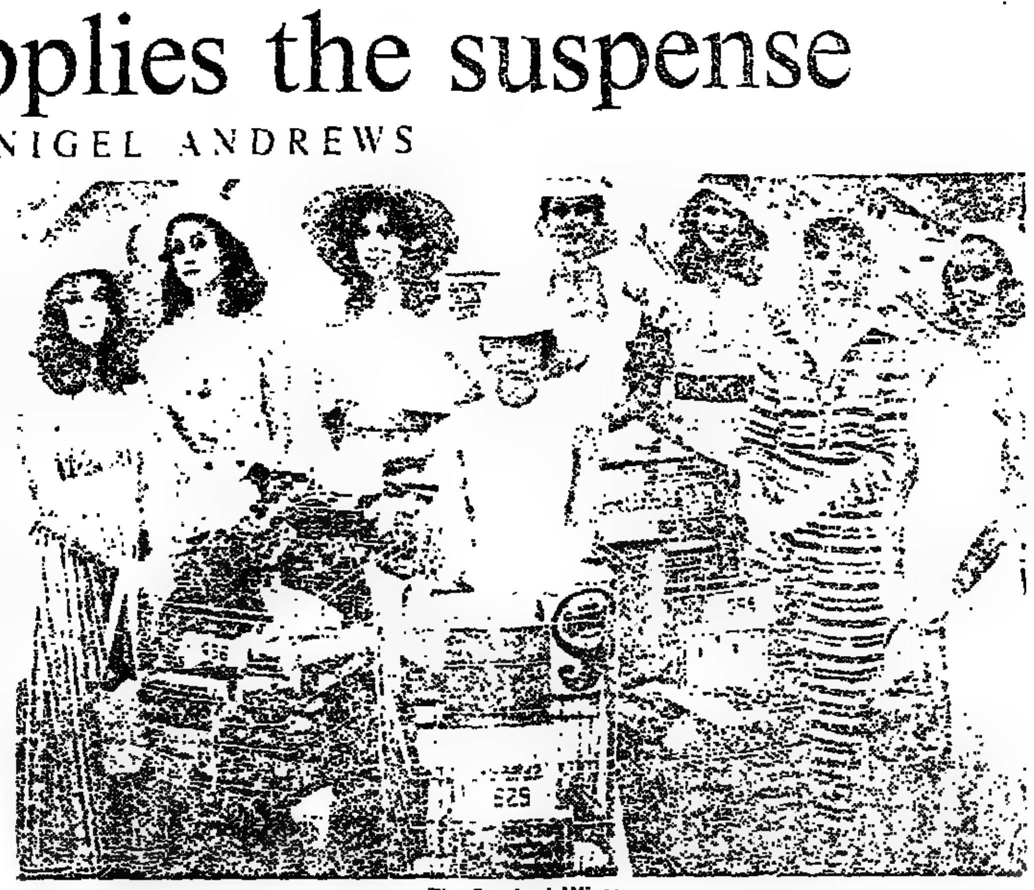
★

Where *The Stepford Wives* shows how an adult and imaginative approach can transform commercial movie-making, *The Medusa Touch* shows us commercial movie-making in the raw: a *film of monstrous silliness* in which a Britain seemingly built entirely out of *tourist stereo*types — London buses, friendly bobbies, royal *occasions* — is terrorised by the supernatural powers of Richard Burton. "I have a gift for disaster," says Mr. Burton, and demonstrates it by such picturesquely anti-social acts as pushing his parents over *a cliff*, burning down a school, causing a Jumbo jet to crash *into a London skyscraper, and* persuading a well-known English cathedral *to crash to the ground* during a visit by the Queen. This last stunt recalls the British cinema's famous anti-monarchist coup of some years back, when Rod Steiger as *Hennessey* tried to blow up the Queen in the *House of Commons*. Mr. Steiger failed conspicuously; Mr. Burton *almost succeeds: who is next in* this assassins' geometrical progression?

On hand to combat Mr. Burton's "Medusa touch" are Lino Ventura as a French detective, improbably operating in Britain on a Common Market exchange basis, and Lee Remick as an *even more improbable psycho*analyst. "I was expecting a man," says Mr. Ventura on their first meeting; "And I was expecting an Englishman," says Miss Remick. *So much for that, and on to the next implausibility*. The film wheezes its way from one would-be tour de force of action or suspense to another, sometimes relieved by unintentional hilarity, more often saddled by an appalling screenplay in which flashbacks keep jumping up at one unawares, and in which the dialogue has the soggy cut-and-thrust of an underwater ping-pong match. *The film is* "presented by" the redoubtable Lord Grade, who is busy these days trying to show everyone that British cinema can hold its own in the big commercial world. On the evidence of this film and its predecessors (*Voyage of the Damned*, *Jesus of Nazareth*) I suspect that he has the Medusa touch.

★

More modest in scope but far more effective is *The Comeback*. Jack Jones plays a British-based pop star returning to his singing career after a six-year "retirement." He rents an old mansion in the country (whence to commute to his London recording studio) but finds that peace and tranquillity elude him there. Things not only go bump in the *night*, they scream, wail, whimper, and present themselves in the form of *decomposing* corpses outside his bedroom door. The film has a *Psycho*-like force and immediacy in its shock moments, and although there are *holes in the plot*, Pete Walker's direction hurries one so swiftly *along that they blur into the* general texture of Gothic menace.



The Stepford Wives

Book Reviews appear on Page 16

Glyndebourne

La Bohème

by RONALD CRICHTON

La Bohème is an unlikely *choice for Glyndebourne*, not because of the company it keeps there (the opera apears more, *not less*, admirable as the years go by) but because it so often turns up elsewhere, while other *works* by Puccini not often or happily attempted by the larger companies might be considered stronger candidates for Glyndebourne's ensemble methods—*Manon Lescaut*, for example. *None the less*, *Bohème* was chosen, just over 10 years ago, *for* a production by Redgrave in *designs*, by Henry Bardon and David Walker. These are used again for an otherwise *new production* by John Cox first seen on Wednesday.

The result looks perfectly *fresh*—there is no feeling of a re-vamped show. Mr. Cox's *direction is* unobtrusive but sympathetic: his treatment of the four *Bohemians*, in particular, is beautifully natural. A young cast spares *us* hearty gambols from heavy middle-aged tenors and baritones. *Except* that they are an uncommonly well-favoured lot the young people are totally convincing. The settings, which include a handsome if improbably luxurious Café Momus, are pleasing except *for one* or two minor details. What, for instance, are the *lights* visible through the grime of the studio window in the first scene? *Since* the *studio* is obviously and rightly in the attic they can't *reasonably* be street lamps. And why the fussy levels for the third act set—*surely* this needs to be emptier, not only to mark the desolate season *and the* low point in Mimi's and Rodolfo's fortunes but to make the sharpest possible contrast with the contented crowds of the previous scene.

The girls are both American. Linda Zoghby's aquiline, drawn features easily suggest Mimi's fatal illness. She has dignity and simplicity, and she sings *well, though* even in the last two acts when the voice gains body *and warmth, there is so far no* very strong personality. So vocally, though not dramatically, the portrait is slightly negative. Ashley Putnam comes with a growing reputation. Her Musetta holds the stage without the tantrums to which more mature sopranos are easily tempted in *this* role, and with only occasional resort to shrillness. *It will be surprising* if we don't soon hear Miss Putnam in more important *parts*.

The young Italian tenor Albert Cupido is a find. He *looks* well and moves with easy, unforced distinction. His lyrical singing at this stage has a touch *of rawness*: *the* voice still hasn't filled out. Yet there are musicianly qualities *rare in lyric* tenors of any age, high among them a winning way of phrasing quick music *so that the words* lie perfectly on the notes (oddly enough in slower, more straightforward passages Mr. Cupido once or twice showed hazy ideas about rhythm). The Marcello *was* Brent Ellis, excellent singer, physically much better suited here than in the *daemonic world* of *Don Giovanni*. The silence after the tenor and baritone duet, *admirably* sung and directed, so full of sadness and dashed hopes, may be taken as a compliment.

The quartet of Bohemians is completed by Alan Charles as Schaunard (a *good performance* that nevertheless does not always make one *aware of the musical* riches Puccini slipped into the role) and Willard White as Colline. Mr. White's farewell to his outer garment is one of the expected pleasures of the evening.

Nicola Rescigno conducts. Some of the first act suggested that we *were in for a high-pressure reading*, though the London Philharmonic was not found wanting. It turned out to be a lively but not rushed *Bohème* full of gleaming *detail*, *with a bloom on the* orchestral tone, the strings especially, rarely heard in the dry Glyndebourne pit, least of all on first nights.

Albert Cupido, Linda Zoghhy and Ashley Putnam

Festival Hall

Cherkassky

by DOMINIC GILL

The soloist for the Grieg concerto *in last night's* RPO *concert* under Lawrence Foster, framed by Mendelssohn's *Hebrides* overture and Rimsky's *Scheherazade*, was Shura Cherkassky. But those who expected a whipped-cream confection as filling to their popular concert-sandwich may have been surprised. Cherkassky's Grieg (to pursue the culinary metaphor is no mere whimsy: every Cherkassky appearance is a feast of a kind) was fresh, tart fruit with crystal*line spun-sugar dressing*. He continued in the vein of his last London recital: each foreground gesture etched quick and sharp, the middle and background of the music a swirl of *shadow* and melting colour.

The first movement blitz-octaves were staccato and bright, almost entirely unpedalled; in the first subject after the opening *flourish*, *both hands*, an octave apart, spoke independently—sudden, magical conversation; *the cadenza* was weighty, taut as a spring. In the little adagio, the colours burst into brilliant sunlight at C major—and stayed there. Cherkassky's finale was stormy, but without any trace of dark clouds, full of flashing base-colours: stern but exciting illumination. (Better still if the cellist had been persuaded to articulate some of his bass line *under the piano's solo* statement of the central interlude—*even single notes can* make an expressive accompaniment.) *Foster's partnership* was enthused and attentive: once or twice, maybe, a degree too *polite*.

Wigmore Hall

Chilingirian String Quartet

Three Schubert programmes by the Chilingirian String Quartet (the others are on Monday and Friday evenings of next week) began on Wednesday with D.887 in G, which *must be one* of the hardest of all quartets for the players to start convincingly. Such a precise balance of instruments is required, such a delicate articulation of quickly repeated *tremolando* notes, such an *exact pitching of notes to* assure the listener of the intended *conflict between G major* and G minor. The youthful players of this British quartet almost, if not quite, achieved conviction here, though it was proper that they availed themselves of Schubert's repeat and made the passage still better the *next time*.

If Schubert's Ninth Symphony *is his "Great C major," surely* this quartet—exceptionally long, exceptionally rich, and with a finale in the same galloping 6/8—is his "Great G major." These players paced it excellently, always with room for individual lilt and *grace*. For a young team their unanimity is remarkable, *their tone imposing. A disturbing* fault, however, was the unreliable *intonation of their* leader, Levon Chilingirian, in higher passages, both here and in the "Trout" Quintet.

The assisting artists in the Quintet were Clifford Benson, an alert and sufficiently commanding performance, and Rodney Slatford on the double-bass (not at his best, I think). On the whole it was a well-shaped and well-contrasted performance with *one or two variant readings* which made me wonder whether *the players have access to a* source unfamiliar to me, or were possessed by an imp of *improvisation*. For an encore there was a pleasing and rather Beethoven-ish scherzo of which we were not allowed to know the composer until it was over "Hummel," Mr. Chilingirian then announced, and the audience smiled its approval at *the end of an agreeable evening*.

ARTHUR JACOBS

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Friday June 23 1978

Pre-summit kite flying

YESTERDAY'S reports from Washington that President Carter is on the point of deciding to impose a surcharge on imported oil if Congress continues to drag its feet over his energy programme, were favourably received in the foreign exchange markets, where the dollar immediately strengthened. America's growing dependence on oil imports is a major factor in the enormous current account deficit, which is forecast by the Organisation for Economic Co-operation and Development to rise $6bn this year to $24bn, and the outflow in turn is a major factor in the weakness of the dollar.

Oil shortages

The news will also be warmly received in the capitals of the major industrialised countries whose prime ministers will be meeting at next month's economic summit in Bonn, since it sharply improves the possibility that they could put together a package which could be labelled a success. During his recent visit to Washington, Mr. James Callaghan, the British Prime Minister, said that a cut-back in U.S. oil imports was an essential ingredient for the success of the summit.

In the longer-term, America's voracious appetite for imported oil could, if unchecked, seriously aggravate the dangers of a world oil shortage in the late 1980s or early 1990s. Recent U.S. forecasts suggested that the country's oil imports were likely to rise from 9m barrels a day to 11.5m barrels a day by 1985, and not decline to 6m barrels as provided for by the Carter energy programme. On the basis of these and other estimates, the International Energy Agency calculated that there would be a world "demand gap" of between 4m and 12m barrels a day by 1985.

Determined action by President Carter to curb oil imports would obviously help to alleviate, or at least postpone, the dangers of such a "demand gap." But from the point of view of next month's economic summit, it is the short-term impact on the foreign exchange markets which is likely to prove the critical factor. The German Government has been for some time under pressure to stimulate its domestic economy, as a way of helping the world out of the current recession: but Chancellor Schmidt has made it plain that there can be no question of German reflationary moves except as part of a package, one important ingredient of which would be action to stabilise the foreign exchange markets, and especially the dollar.

At this stage, President Carter is not firmly committed to an import tax, since he still hopes for early action in Congress on his energy programme. But the simultaneous announcement that the Energy Department has prepared a petrol rationing plan goes some way to buttress the credibility of what is still in the realms of kite-flying.

Meanwhile, another economic summit kite was flown yesterday, when Mr. Rainer Offergeld, the West German Development Minister, declared that a proposal for transferring $10bn a year for several years from developed to developing countries, would be on the agenda at the Bonn meeting. This particular kite appears to be rather less firmly tethered to the ground, since it does not have the endorsement of the German Government, and is discounted as fanciful in other capitals. Undoubtedly the problem of the non-oil developing countries, with their heavy accumulation of debts, must come up at the summit, and the participating countries may well agree on some sort of assistance programme. It is much more doubtful if they will agree on a programme on such a large scale.

Currencies

Yet there could be a case for considering a massive transfer programme, not merely for the sake of the help it would provide for the poorer countries, but also because of its potential usefulness in currency stabilisation. Major aid transfers by reserve-rich surplus countries like Germany and Japan, coupled with smaller commitments by weaker industrialised countries, should help alleviate upward pressure on the Deutsche Mark and the Yen, and make it easier for Chancellor Schmidt to give feasibility to his plan for an enlarged European scheme for currency stabilisation.

Liability for defects

THE EXTRA costs that could fall upon manufacturers if the law relating to liability for defective products were to be changed in line with the recent recommendations of the Pearson Commission has aroused concern in many industries. As the Confederation of British Industry has acknowledged in its latest representations to the Government, valid comparisons cannot be made with the situation in the United States since the consequences of product liability litigation there reflect in large part the peculiarities of the American judicial process including, in particular, the system of entrepreneurial trial lawyers. But the CBI does question whether the balance between the costs and the benefits of a change in the law in Britain has been sufficiently considered.

Stiffer test

The costs to industry would, however, depend to some extent upon how the new law was drafted, while the arguments in favour of a change would appear to be considerable. A person injured by a defective product has at present two ways of claiming redress. He can sue the seller under the law of contract, or he can take out an action for tort against the person responsible for the defect. It is rare nowadays for final users to buy direct from the manufacturer and in any case the law of contract gives no rights to third parties who may be injured, such as the purchaser's family or passers-by, while to claim tort the injured person has to prove negligence which is a far stiffer test than the strict liability available in contract law. As a result only a tiny proportion—the Pearson Committee hazarded an estimate of 5 per cent—of injuries or deaths arising from defective products and services attract compensation.

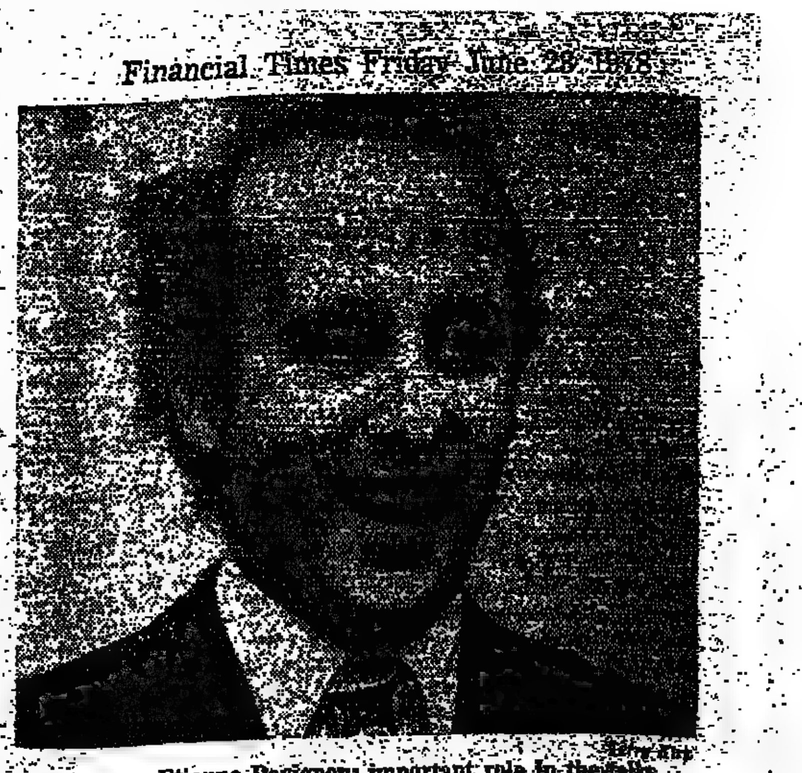
On grounds of equity, therefore, it seems only right that the costs of hardship in personal injury cases should be borne, not by the victim as largely happens now, but should be shared out either among taxpayers through some form of State compensation scheme based upon the no-fault principle or by consumers generally by making it easier to claim compensation from the firm responsible for the defect. Of the alternatives, the latter would obviously be more sensible as it would give the maker of the defective product (or component) a greater incentive to control quality and safety. Whether compensation was paid by the firm or its insurers, the costs would ultimately be passed on to users in general.

Of the various ways the law could be changed, the most logical would be to extend strict liability to actions for tort, as proposed not only by Pearson, but also by the English and Scottish Law Commissions and the EEC Commission in its draft directive on product liability. Limiting strict liability to contract law may have been acceptable in the days when producers and users dealt directly with each other, but not in this age.

It is however not only a question of deciding whether in principle the law should be changed but of deciding the many detailed legal issues that such a change would involve. Judging from the National Consumer Council's and Consumer Association's joint submission to the Government, there is some common ground between industry and consumer bodies. But some of the more contentious matters—such as in particular the standard of proof that would be required—would have a considerable influence upon the magnitude of the costs that would fall upon industry, and thus upon users. There is also the question of whether compensation should cover property damage, non-pecuniary loss as well as injury and whether—a point of special concern to the drugs industry—there should be a legal limit to a manufacturer's liability (as there is normally in his insurance policy). There may perhaps be a case for the State to top up the compensation available when an unforeseen defect in a product approved by a Government-appointed body has catastrophic effects. But, otherwise, the cost of raising product quality and safety ought to fall on consumers as a whole.

A prescription to make EEC fibres healthy again

BY RHYS DAVID, Textiles Correspondent



Viscount Etienne Davignon: important role in the talks.

AFTER NEARLY nine months of negotiation and some intensive diplomacy by top EEC officials, 11 major producers in Europe's fibre industry have this week completed the first stage of a new agreement aimed at restoring the sector to health.

After losing between $2bn and $3bn over the past three years as a result of massive over-capacity, low plant utilisation and weak prices, the EEC fibres industry is planning to work together on a series of measures to bring capacity and production into line with demand.

Under the arrangement the procedures will, during the next three years, first stabilise capacity at levels prevailing at the end of last year, when the present talks began, and then reduce it. During this period—though with the exception of the Italians—producers will be expected to maintain the 1976 pattern of deliveries for all the main fibre types, neither gaining nor losing in relation to their competitors. Any increase in the market up to 1981 will be divided on the same basis.

The agreement is an exceptional measure intended to deal with a major crisis, and still has to overcome two possible hurdles.

Though the arrangement has been backed throughout by the industry directorate of the EEC, with the Commissioner, Viscount Etienne Davignon, himself playing an important role at various stages in the talks, it runs counter to the competition rules of the Community, and has had to be vetted by both the EEC competitions directorate and the authorities in the individual member countries, including the tough German cartel office.

The EEC has already rejected a proposal that the agreement should represent an informal understanding among the producers and has insisted that it be brought under the formal rules laid down in Article 87 of the Rome Treaty. This could involve the drawing up of special legislation which would have to be approved by the EEC Council of Ministers.

There are signs too that the German authorities with their dedication to free trade will not let it pass lightly. In Bonn yesterday there were reports that the German Government was unhappy with the provision in the agreement setting limits on deliveries by the individual producers.

Nevertheless, though further bargaining between the Commission and member governments may still have to take place, the need for the agreement has persuaded the producers to complete their part of it, and to proceed, after talks earlier this week with the trade unions, to the formal signing ceremony.

Indeed, as a result of the continued slow world economic recovery from recession, the need to act has become even more urgent, according to the fibre producers, since negotiations started last autumn. The graph shows consumption of all fibres was growing at a rate of about 4 per cent per annum from the mid-1960s but fell back dramatically with the oil crisis in 1973. A recovery took place in 1976 but this was reversed again in 1977.

This figure for final consumption includes imports which were growing, especially at the end of this period, at a very rapid rate. The impact on domestic fibre producers in Europe has as a result been even more serious, as the figure in the graph for mill consumption—usage of fibre by textile producers in Europe—shows. After growing from just under 3.5bn kgs in 1965 to 4.7bn kgs in 1973, consumption of fibre was down by the end of 1977 to 4.1bn kgs.

Behind these figures is the massive shift that has taken place in the distribution of textile and clothing manufacture during the present decade. According to figures from Enka, the Dutch-German fibre arm of the chemical group, Akzo, Western Europe accounted for 31 per cent of man-made fibre production in 1970 but only 22.5 per cent in 1977. The U.S. marginally increased its share from 27 per cent to 28.5 per cent, while Japan, like Europe, suffered a drop in its share, down from 18 to 13 per cent. The rest of the world—low cost producers in the Far East, South America and Comecon—increased its share over the same period from 23 to 35 per cent.

The result has inevitably been over-capacity in Europe—estimated currently at around 30 per cent—and continuing losses by all the major producers in fibres. Furthermore, there is not too much comfort to be drawn from the projections of the likely future size of the market which will be available to European producers in the years ahead. ICI's estimates show that if demand rises throughout Europe at an average 2.5 per cent per annum rate between now and 1985, fibre consumption including imports in that year will reach 6.05bn kgs against the present 4.85bn kgs. The amount of fibre which European producers will be able to sell is determined, however, by the level of imports. If these grow at the same rate as in the three years up to the end of 1977—roughly 15 per cent—European producers could be left supplying only 2.55bn kgs out of the total usage, and even this assumes a fair increase in exports from Europe.

On a less pessimistic assumption—a 6 per cent per annum increase in imports—European mill intake in 1985 will be 4.73bn kgs. If the present round of the Multi-Fibre Arrangement, signed at the end of last year to regulate textile trade internationally, proves fully effective, and imports grow at only 4 per cent per annum, mill intake could reach 5.05bn kgs. The capacity problem is given a further dimension, however, by the improvements which are continually taking place in man-made fibre production machinery, making it possible for the producers to increase significantly the output at existing plants.

So the need for co-ordinated restructuring action by the sector to meet new market conditions has been apparent for some time. The negotiations have been able to proceed only slowly, however, because of the precedent such an agreement could set for other crisis-hit industries, and more particularly because of the conflict of interest between fibre producers in different parts of Europe.

In Northern Europe the major producers started adapting several years ago and have already eliminated large amounts of capacity. Thus ICI has shut down plants in this country at Wilton on Teesside and in Germany at Offenbach and has trimmed its labour force by 30 per cent. Hoechst in Germany has also closed plants and reduced its total employment by 25 per cent while Akzo, too, has embarked on major surgery.

The Italians, who have a lower share of the total fibre market than Britain or Germany, while at the same time possessing a very large textile and clothing industry, have been insisting on their right to catch up and at least become self-sufficient in synthetic fibre production. As a result, at a time when other producers have been cutting back, the Italians, whose fibre industry has also been making the biggest losses in Europe, have been going ahead with a major investment programme.

The need to secure Italian co-operation has resulted in a compromise which does go some way towards meeting their aspirations while achieving the overall objective of a reduction in capacity.

New capacity levels

The first main element in the agreement is the setting of new European capacity levels for six main fibre groups—nylon textile and nylon carpet filament, nylon staple, polyester textile filament, polyester staple, and acrylic staple. Total capacity—currently put at around 3.12bn kgs will be reduced as a result of these measures to 2.72 kgs.

At the same time the producers are being divided into two groups. Non-Italian producers will be expected to reduce their capacities by mid-1979 and hold them at the new level until 1981. The Italians will also be expected to reduce their capacity in the short term from 600m kgs to 515m kgs, but unlike the other producers they will be able to raise it again to 600m kgs by 1981. This will enable the Italians to replace older capacity with new, and compares with their original plan to boost capacity to 800m kgs.

Within the new overall capacity levels for the various fibres, individual companies will be expected to follow the output pattern set in 1976, when total deliveries throughout Europe amounted to 2bn kgs. This provision means that signatories to the agreement will not be allowed to increase their market share at the expense of their competitors. The formula also places the onus for making capacity reductions on companies that have not already done so. Those that have already brought their capacity utilisation up above the average throughout the industry of around 60-70 per cent will still be guaranteed the same share of total output as they held in 1976.

This share is also to remain the same up to 1981, except that the Italians will be allowed a bigger proportion of the estimated growth of 270m kgs in the total size of the market by that date, to 2.28bn kgs. Other suppliers will forfeit their share of 95m kgs out of this total growth, and this will be transferred to Italian producers enabling them to increase their current 17 per cent share of the European market to 21 per cent.

The rules also prevent switching from export to domestic markets in the event of a downturn in demand outside Europe, or increases in capacity to serve expansion in export markets. Investment in new capacity to replace old will still be allowed, though clearly this will be closely watched.

The signing of the agreement along these lines follows a period of hard bargaining, with the producers naturally anxious not to see any of their rivals gaining any competitive advantage from the deal. Whether it will work will only become clear as experience of operating the agreement—without parallel so far within the EEC—is obtained.

On this point, however, there is some confidence on the part of the fibre producers, who believe a degree of common purpose has been established in the talks. The participation of the Italians was obviously crucial and there are signs that the task of rationalising Italy's fibre sector is already being tackled with great vigour as a result of the deal. The new management which has taken over at Rhone-Poulenc, the French chemicals, fibres and textiles group, is also moving ahead with its programme of restructuring, and these moves in Italy and France should bring both countries more closely in line with progress already made in Northern Europe.

At the same time, the prospect of stronger consumer demand later this year coupled with more stable market conditions, through implementation of the Multi-Fibre Arrangement also appears to be giving producers some of the confidence needed to take the measures necessary to strengthen their balance-sheets. ICI will be putting up prices for fibres by an average 14 per cent from July 1—its first general increase for 18 months.

Uncertainty over the way the market for fibres will develop over the next few years nevertheless remains a potential danger to the agreement. The assumptions about capacity and production by 1981 were drawn up last year and the estimates would be revised downwards by most producers if the calculations had to be made now.

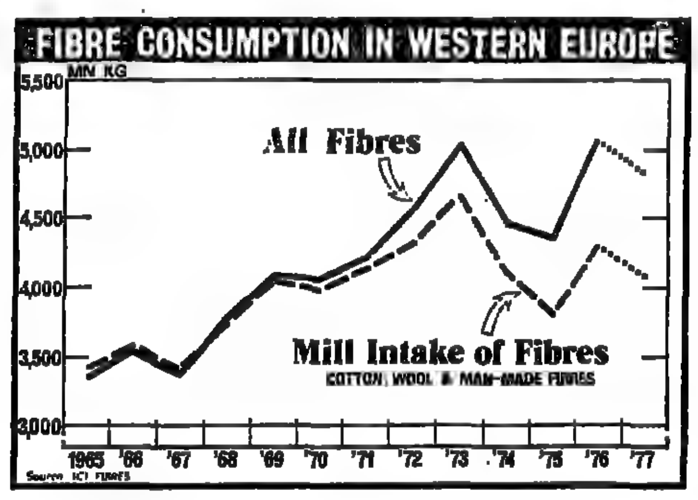
Provision exists for the figures to be reviewed twice yearly by CIRFS, the European Federation of Fibre Producers, and adjusted sector by sector to meet market changes, with the Commission becoming involved if the trend in any sector shows a fall of more than 10 per cent. A problem could arise if growth in the market is at a much lower rate than expected, as this will affect the proposed transfer of market share to the Italians.

There is also the question of the attitude of important non-signatories who are in a position to influence developments in the EEC market. The two U.S. producers, Du Pont and Monsanto are barred by U.S. anti-trust legislation from participating, but have been kept informed. Spain and some EFTA countries also have significant, or growing, fibre capacity but the assumption is being made that they will not use this to upset the arrangement.

The producers are also expecting the Commission to play a wider role than merely supervising and policing the agreement. The reductions in capacity are likely to have important economic and social consequences, and resources will have to be made available to help individuals and regions to adapt. A clear declaration of the Commission's willingness to do so is being looked for.

Perhaps the biggest imponderable of all, however is the likely performance over the next few years of the fibre industry's main customer, the textile and clothing industry. It has been very largely the vulnerability of these two sectors to imports which has caused the fibre producers to lose outlets in Europe. The fibre industry's chances of returning to viability is still as likely to depend on the measures which the textile industry takes to strengthen itself as on the capacity and production agreement that has now been worked out.

FIBRE CONSUMPTION IN WESTERN EUROPE



MEN AND MATTERS

Street cleaner's lead in GLC

A small victory over the visual vulgarity in London's West End has just been achieved by the GLC. After a refusal to renew its licence, a sex-cinema in Brewer Street, Soho has removed a lurid display on its walls. "It now looks almost like a Presbyterian church," says Bryan Cassidy, vice-chairman of the GLC's public services and safety committee. In the year since he was elected as a Tory councillor for Hendon, Cassidy has led the "clean-up-London" campaign. What vexes him particularly is the hyperbole of the posters outside London's sex cinemas and strip clubs. "Having been in a few, I think it's high time they were prosecuted under the Trade Descriptions Act."

Cassidy, a 43-year-old business executive, says it is high time to end the "chaotic state of the law" over censorship. But his views may blow a few fuses in the Festival of Light executive, because Cassidy thinks Britain should have "P for Porn" cinemas on the Continental pattern, where any legal sexual act can be seen: "The parallel with gambling is very close—if you want to place a bet you know where to go." But the proviso would be: no offensive nudity on the street billboards.

Needless to say, Cassidy looks forward to a general election victory by the Tories later this year. He recalls Willie Whitelaw's promise to reintroduce the Cinematograph and Indecent Displays Bill, which will make it far easier to "clean up the streets." When that step has been taken, affirms Cassidy, the end of censorship will follow. "Live and let love is our aim."

"It's fantastic. I've just had a £1-million bid for my hammer!"

Up against it

Rough days for Lloyd's of London. First New York is making threatening noises about setting up a market to compete with it—and now New Zealand is doing the same. I learn they are fed up down under with the number of Lloyd's salesmen sent over to sign up new names for Lloyd's underwriting syndicates. Denis Adam, chairman of one of the main insurance brokers in New Zealand, tells me these "itinerant salesmen raise some eyebrows." He resents the way that "our capacity is being used to expand a market 12,000 miles away."

Adam is now a member of a committee advising Wellington on how to establish an insurance exchange based on Lloyd's. It is a move designed to reduce the NZ insurance community's dependence on a market which Adam feels is too inward looking and "thinks insurance begins and ends with London. With this we cannot agree." Will this news make Lloyd's ring the Lutine bell for the business they may lose? Let me reassure you. Premiums from New Zealand may amount to £14m, but the Lloyd's total is £2bn.

Gem for Jonas

Museums and collectors of the world are homing in on a newly discovered Brazilian treasure. But Brazil means to hang on to the amazing find of farmer Jonas Lima. Not long ago, Lima was poking about in a cave on his property and found a rock which has been described as "almost pure shafts of rubellite set on a base of bifurcated quartz crystal surrounded by modular crystals of lepidolite and microcrystals of aphrizite and epidote."

In layman's language, this amounts to a very large piece of rubellite, almost as hard as a diamond, weighing 25 lb, more than 50 inches long and a foot wide. Mining experts say it must be worth several million dollars.

The Brazilian Institute of Gems and Precious Stones says it will match any foreign bid to prevent the stone leaving the country. Farmer Lima has just hidden it in a secret place and announced that all the fuss has made him so nervous that he plans to escape on a trip to Europe.

The other side

Belgium's best selling novelist, Ward Ruyslinck, is baffled because his books keep on being published in Eastern Europe. His theme is always the destruction of individuality by oppressive bureaucracies — scarcely one likely to please communist regimes. Yet the requests for publication rights keep coming in from such countries as Poland and Romania. "I think the book editors are using me to make oblique comments on their own societies," says Ruyslinck who is in London to help launch the English version of *The Reservation*, his latest nightmarish novel.

Ruyslinck has found it less easy to penetrate the literary iron curtain here. I learn that the book is only appearing because the Belgian embassy has promised the publisher, Peter Owen, that it will cover the translation costs.

Toeing the line

Dr. Dickson Mabon, Minister of State for Energy, yesterday put away his Portuguese phrase-book and cancelled his air ticket to Rio de Janeiro. He will not be going to the "Offshore Brazil" conference, where he was to have promoted business for Britain's oil industry. Instead he will be obeying a Labour three-line whip for Monday, to attend the Tory supply day debate on national trade and prosperity.

Mabon is reported to be almost as angry as Energy Secretary Anthony Wedgwood Benn was last month, when parliamentary pressures of the same kind stopped him going to an offshore conference in Texas. Both hope that the impending general election will, one way or another, put them out of their misery.

Not a chance

A colleague tells me that while caught in a traffic jam at Hyde Park Corner yesterday he shouted to the driver of the car beside him: "Drives you mad, doesn't it?" "Yes," the other driver shouted back, "but what can one do?"

"Write to your MP," my colleague suggested, only to be told: "Don't be daft, old boy, I am my MP."

Observer

POLITICS TODAY

The reluctant Europeans of Britain

NEARLY HALF the British electorate, and perhaps considerably more, would vote for withdrawing from the Common Market if there were a new referendum on the subject. That is the conclusion of a research study conducted for the Daily Express last month by Market and Opinion Research International, the precise findings of which are as follows: 48 per cent want to get Britain out, 43 per cent want to stay in, and 9 per cent don't know.

The breakdown by party allegiance is perhaps even more revealing: membership of the Community is no longer seen very much as a party political question. According to MORI, nearly 40 per cent of Conservative voters now favour withdrawal, against 53 per cent of Labour voters and 55 per cent of Liberal voters. That gap between Conservatives and Labour is hardly wide enough to make the Tories pre-eminently "the party of Europe"; as for the Liberals, their supporters appear to have become at least as hostile to membership as those who vote Labour.

Of course, there is not going to be a new referendum tomorrow. The only serious chance of there ever being a new referendum would occur if Labour were to lose the general election, the left wing of the party took control, and Labour then returned to power. In that sense the question is academic, at least for the time being. It is also true that anti-Market sentiment has been occasionally even higher.

Yet what is so striking about such findings in general is that no-one disputes them—not even the European Commission which frequently conducts studies of its own, and which has come up with nothing to suggest that the MORI results might be wrong. It is therefore a fact that membership of the European Community is distinctly unpopular with about half of the British electorate, and that the unpopularity cuts across party divisions.

No difference

Last month, however, MORI put a second question, the answers to which go some way to explaining the anti-Market feeling. The question went: "Do you think Britain's membership in the Common Market over the past few years has or has not made Britain more prosperous than it would have been?" Just over 20 per cent of those polled said that it had; 15 per cent said that they did not know; and as many as 64 per cent said that it had not. This time the breakdown by party allegiance was even more interesting. Just over 60 per cent of Conservatives said that they thought membership had made Britain less prosperous, while the figures for Labour and Liberal supporters were 64 per cent and 72 per cent respectively. In other words, there was no great difference between them.

Yet it is also striking that the response to the prosperity question is almost certainly wrong. Leaving aside such relatively minor issues as New Zealand butter or the size of Britain's net contribution to the Community budget, one has only to think for a moment to realise that the real question of alternatives to British membership has been completely begged. It is one thing to make the Community a scapegoat for the country's economic problems as appears to be happening, but quite another to say under which system Britain could conceivably have done better.

The fact is that not only has a number of British industries benefited from Community support through (say) the Social Fund; the British Government would also have found it difficult to play much of a role on its own in a whole series of international economic negotiations. Whether on textiles or in the Tokyo Round on tariff reductions and non-tariff barriers to trade, the Government has been able to express its views first in the Community and then to use the Community to negotiate as a bloc. It is hard to see any British Government carrying such weight or influence by itself.

Thus the MORI question about prosperity was, as is in the nature of opinion polls, somewhat artificial; it was also misleading in the sense that it did not even draw attention to the possibility of alternatives.

The Government knows that membership of the Community is unpopular with much of the electorate, but it also knows—or rather a large part of it knows—that membership is beneficial to the country. At the same time, however, it is unwilling to make this latter point in public, at least with any great emphasis. It prefers a policy of milking the Community for what it can get, and blaming it for what it cannot. Indeed one suspects that the Government is entirely happy with the MORI findings, and that by its behaviour it has done a great deal to bring them about.

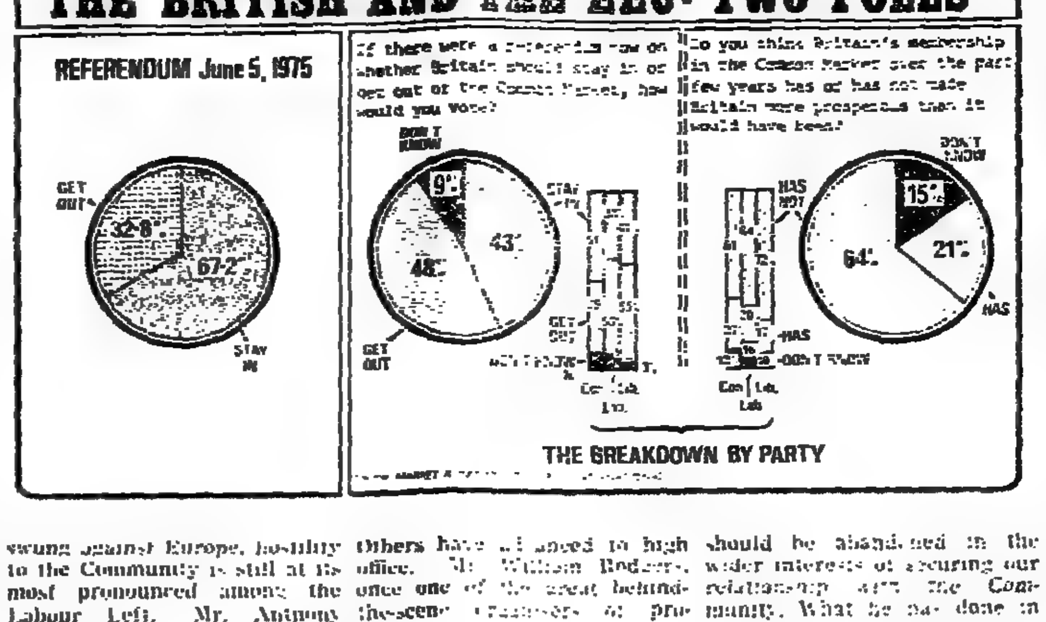
There are many reasons for this. For a start, however much some Tory voters may have swung against Europe, hostility to the Community is still at its most pronounced among the Labour Left. Mr. Antony Wedgwood Benn, the Energy Secretary and prominent anti-Marketeer, may have been reasonably quiet recently, but one does not detect any great confidence in No. 10 Downing Street that he will remain so and no one wants to provoke him. Besides, the conversion of the Prime Minister himself to Europe is still only lukewarm: he likes it; he is prepared to defend it when necessary, but he still has contempt for some of the things that (say) the Commission gets up to. He certainly does not want to see the Community develop along more federal lines.

Nor least, the ranks of the Labour pro-Marketeers have become depleted. Mr. Roy Jenkins has gone to Brussels, which is where many Labour MPs think he really belongs. Others have [illegible] to high office. Mr. William Rodgers, once one of the great behind-the-scenes [illegible] of pro-Market Labour [illegible], has become Secretary of State for Transport, [illegible] remarks in this [illegible] edition of Socialist Commentary that the so-called "[illegible]" which governed pro-Market [illegible] in the past [illegible] today become the conventional wisdom. Mr. Roy Hattersley has moved to inflation, and Dr. David Owen has become Foreign Secretary. All of them [illegible] an understandable [illegible] best to do good by stealth and at worst not to [illegible] the boat."

Dr. Owen's position in all this is, of course, crucial. As Foreign Secretary he has the role of bringing all of British foreign policy together. In the Cabinet it is probably only he—apart from the Prime Minister himself—who could say convincingly that such-and-such a policy should be abandoned in the wider interests of securing our relationship with the Community. What he has done in fact—and with some success—is to act as the conciliator, which is what I mean by "doing good by stealth."

He believes (rightly) that the Labour Party very nearly did tear itself in pieces on the Common Market issue, and is now in the process of being brought together again. The dangers of a new split would arise only if the party lost the general election, or if its pro-Europeans pushed too hard. Thus it is necessary to be seen to be standing up for British interests, but also to go along with Community wishes or regulations when we have to—as, for example, when Mr. Callaghan invested some of his own prestige in putting through the legislation for direct elections to the European Parliament.

THE BRITISH AND THE EEC: TWO POLLS



Dr. Owen acknowledges that the opinion polls are probably right and that there is a fair amount of dissatisfaction with Europe in the country. But he says that it is not felt very deeply and that it will diminish with time as the people grow more used to membership. To ensure that they do one must go on protecting British interests and treat the Community as a forum for collective bargaining in a manner that is familiar to the Labour Party. In particular and to ensure consistency, one must go on pressing for the reform of the Common Agricultural Policy and fight for the British position on energy and fish, Dr. Owen argues.

As a recipe for more or less preserving Labour unity, that is all very well—provided the party does win the election. Nevertheless, there are certain side-issues. For instance, the gap between the official view of Europe as beneficial to Britain and the view of half the public that membership is disadvantageous could well become wider as the election approaches. The Bonn economic summit next month is only one example. It now seems unlikely that Mr. Callaghan will obtain all the benefits he was originally hoping for. On the contrary, he may have to give assurances against further protectionism and to accept outside demands for greater economic discipline without much compensation in the form of faster world growth. The temptation will be to blame the Germans, and again the popular perception of the Community will become less favourable.

There may also be a tendency for anti-European candidates to play on these sentiments in the election campaign — perhaps especially in the [illegible] constituencies. It will be remembered that in the real dog days of the present Government one of its very few by-election successes was in Grimsby, the seat of the late Mr. Anthony Crosland, and where his successor, Mr. Austin Mitchell, fought a distinctly anti-Market campaign. That is one explanation of why Mr. Callaghan is perfectly content with the performance of Mr. John Silkin in the fisheries negotiations.

Nor is there any reason to believe that such [illegible] about, if not hostility to, the Community will be confined to the Labour Party. Mrs. Thatcher herself was never a particularly ardent European. But the effect of the general disenchantment with Europe can only be to make the Tory Party as a whole less enthusiastic. There will be exceptions, of course — Mr. John Davies and Mr. Douglas Hurd among them, not to speak of Mr. Heath—but for the most part the Tories will be prepared only to defend something like a Callaghan version of Europe.

One may ask whether it matters, and some Labour Marketeers would reply like Mr. Rodgers that it is better to ensure the unity of the party now while fighting for Europe another day. There is also the question, however, of how all this is seen in the rest of the Community and whether being such reluctant Europeans is really the best way of securing British interests. Certainly it is not the most obvious method of trying to lead public opinion.

Malcolm Rutherford

Letters to the Editor

Surcharge on employment

From Mr. E. Whiting.

Sir, — May I add a few further points on the effect of the 2½ per cent surcharge on employment.

Part-time work, carrying earnings of less than £17.50 per week, will be even more beneficial for employers and employees who, between them, will be saving a total 21 per cent contribution to National Insurance (which will be payable on earnings over £17.50).

Overtime for workers already earning £120 per week will be similarly very profitable as compared with employing a new person. An extra £10 earnings at this level will be National Insurance-free; £10 paid to a new worker will suffer contributions of £2.10.

The advantage of self-employment as compared with employment by others will be further increased. At the upper limit of £6,250 profits or salary a year, the self-employed pays National Insurance of £312 a year, while the employed will pay a total of £1,312 (assuming contracting-in to the state pension scheme). A self-employed person in a small business with good potential will be then reluctant to form a limited company necessary for expansion because of the very heavy National Insurance penalty of making himself and his partners into directors, and therefore employees, of the company.

The argument is advanced by Mr. Healey that employers' National Insurance contributions are much higher in other European countries than in the UK and therefore we should be able to raise our contributions without any deleterious effects.

Other countries, however, have not increased theirs recently because of the known effect on employment. To give two examples: in France employers taking on new young people were exempted from National Insurance contributions for a period; in Italy there is an increasing movement towards "fiscalisation," i.e., replacing National Insurance contributions by general tax revenue, and this has already been done to some extent for a limited period.

Furthermore, National Insurance contributions in other countries tend to be more comprehensive. In Britain we have a very lop-sided system with the peculiar lower limit of £17.50 per week and an upper limit of £120 per week. We shall now have a 4½ per cent "surcharge" applied to the employed class within these limits. Employment for small part-time workers and more work for those already highly paid will inevitably be favoured at the expense of new employment for those at wages within the National Insurance limits.

Edwin Whiting.
(Lecturer in Management Control).
Manchester Business School.
Booth Street West, Manchester.

Board room politics

From the Member of the Greater London Council for Hendon North

Sir,—The managing director of Ores International (June 9) has created a furore in your correspondence columns. I suspect that those correspondents who have attacked him believe that the top management of British industry is far-sighted, imaginative, enlightened, flexible and full of good ideas. Some or all of these adjectives certainly apply to the most successful British companies, and the fact that they apply is probably a reason for the success of those companies. Would that there were more.

Mr. Webb-Bowen stated nothing new when he drew attention to the failings of British management. He suggested some ways in which a wider use of non-executive directors could help to inject fresh thinking into the board room. Anything which will bring a breath of fresh air into some of the fustier board rooms of British industry is to be welcomed. The suggestion that the financial establishment of the City should cast its net wider in selecting non-executive directors is a good one. Companies can only benefit from inviting on to their boards experienced senior executives from outside. Surely more use should be made of "head-hunters" to find the right candidates.

Mr. Webb-Bowen was also attacked for recommending the merits of the two-tier board. The system is now so well and so successfully established throughout Europe (and not just in Germany, as one of the contributors to this correspondence alleges). It also exists 'de facto' in the U.S.A. Compared with the unitary board it has the great merit that it strengthens the power of the shareholders. I suspect that this is often overlooked by those who see the two-tier board merely as a device for achieving 'employee participation.'

Bryan Cassidy.
Members' Lobby,
County Hall, SE1.

Qualified people

From Mr. A. Roper.

Sir,—There is a fallacy in Professor D. R. Myddelton's argument about professionalism (June 21).

Mr. Myddelton's comments take no account at all of the fact that in certain spheres the public both deserve and need full protection against dangers of which they are not even aware and the nature of which they do not appreciate without the necessary knowledge of what is involved. Protection of the consumer is all important and Mr. Myddelton does not take this into account.

It is no use Mr. Myddelton arguing for full competition by unqualified persons if the result is lack of protection and possible disaster. There are certain professions (and the legal profession is one of them, the medical profession another) where the public must actually be protected against unqualified practitioners in their own interests.

As to the letter on the same page from Dr. Monica Vincent, it seems quite clear that, with no disrespect to her, she has very little knowledge of the complexity of the law relating to real property and the various other aspects of the law which are involved in conveyancing transactions. It is certainly not correct that most conveyancing can be reduced to a drill which a person without a wide knowledge of the law could follow, and the fallacy in this argument is that it needs a fully qualified person who has a detailed knowledge of the law after study (i.e., a solicitor) to recognise and deal with difficulties as and when they arise. In conveyancing a full background knowledge of the law is essential and any persons intending to practise conveyancing should show that they have this knowledge by qualifying as solicitors.

Alan D. Roper.
Court Chambers,
3, Victoria Street,
St. Albans, Herts.

Intangible quality

From Mr. C. Jackson

Sir,—The director general of the Institute of Directors (June 19) is of course quite right to distinguish between the background knowledge required to perform successfully as a director and the intangibles that make for good performance as a director.

I am glad that the Institute is considering means of assessing supporting knowledge, but he does me less than justice in overlooking my contention that knowledge of management techniques is of far less importance than the intangibles of "director quality."

To say that qualities of "business acumen and leadership cannot be tested in the examination hall" is true in a sense, but to wait until they are tested in the market place may well be too late for the company on whose Board the failed director serves—and for British industry.

My contention is that means of making valid assessments of potential and of predicting ultimate performance have been developed by the armed forces and by the civil service in this and in other countries, and in industry in the selection of management trainees.

My plea to the Institute is that it should set up a working party to outline a specification of director qualities, available means of assessing the potential director-qualities of those who aspire to be directors, and recognition of that potential.

I join with Mr. Hildreth in abhorring that a person "should be debarred from serving on a Board of directors for lack of a formal qualification," but believe that many would welcome a systematic attempt to examine the problem in depth with the aim of improving the average level of director-qualities on British Boards.

Clifford Jackson,
Paul R. Ray International,
25, Old Burlington Street, W1.

A wage for the unemployed

From Mr. R. Musgrave.

Sir,—May I second the proposal made by Messrs. Nason (June 16), namely that unemployment benefit should be used as a wage for the unemployed and in payment for useful jobs which should be found for them? It is a self-evident truth that there must be some sort of solution for unemployment along these lines; furthermore, it must be possible to do better than the job creation schemes mounted to date.

Messrs. Nason suggest, as people usually do in relation to schemes of this sort, that the jobs concerned be "socially useful." But if we try to absorb 1m unemployed into the socially useful sector of the economy, rather a large number will end up doing futile tasks like raking beaches. The commercial sector offers a much wider scope, though the problem here is that demand has to be raised to create jobs in the commercial sector, and it is reasonable to assume that demand is as high as it can go.

The solution to this second problem is not too difficult, however, and it goes as follows. Under the existing somewhat rigid wages structure marginal costs rise very rapidly as full employment is approached. This is because the wage for a given job is fixed by union rules or similar, whereas the suitability of the unemployed for a given job deteriorates rapidly as full employment is approached. But one can quite easily get round this if one reduces these marginal costs by subsidising (with "unemployment benefit") the labour involved.

The above is, I believe, a very brief summary of an important missing link in conventional economics. On the basis of the above it should be possible to arrange worthwhile jobs for all the unemployed. Such jobs would obviously be temporary—as temporary (for the individual concerned) as unemployment itself. The jobs would also probably have to be part time since if a wage of unemployment benefit proportions is paid, it is only fair to ask for correspondingly short hours. The low pay and free time would ensure that neither the motivation nor opportunity for these "unemployed" people to find proper employment was impaired.

R. S. Musgrave.
24, Garden Avenue,
Framwellgate Moor,
Durham.

EEC textiles battle

From the National Officer, Association of Scientific, Technical and Managerial Staffs.

Sir,—Although I have no wish to overstate my case, Dr. Richard Mayne's letter (June 21) is inaccurate. The Commission made an agreement with Portugal without the knowledge of member states—this information was given to us by a Government department. When it was learned that the Commission had made this deal, our Government and others bitterly complained. The proposed deal of the Commission is now under discussion. In the final paragraph, Dr. Mayne states that as far as the Community's policy on synthetic fibres is concerned, the trade unions have been, and will continue to be, fully consulted. The Commission's definition of consultation is entirely different from what many normal employers would define as common industrial practice.

Several days ago I represented my members, along with a number of European trade unionists, when we met Monsieur Davignon and complained bitterly at the lack of involvement and lack of consultation. We were told that the employers and the Commission had reached agreement which would be signed the next day. After signature of this document it would be released to member states, and eventually to the unions concerned. Both the Commission and the employers refused to give information to the trade unions present, and we are aware that member states have also been treated in this shoddy fashion.

By all accounts, although nearly 40 years late, the new order has arrived. No doubt in the ensuing months we will see other agreements between the Commission and major national/multi-national producers.

Roger Beson.
East Road, Longsight,
Manchester.

Today's Events

GENERAL

Statement by President Spyros Kyprianou of Cyprus following his discussions with Mr. James Callaghan, Prime Minister.

Mr. David Steel, MP, addresses Scottish Liberal Party Conference, City Hall, Perth, 12.15 p.m.

Meeting of Leyland management and shop stewards at BL Cars, Longbridge, Birmingham, to discuss problem of unofficial strikes.

Full meeting of Port of London Authority and the eight dock unions to agree a joint rescue plan for the Upper Docks in London's East End.

Second day of Japan-EEC "high level" consultations in Tokyo on trade and economic relations.

Iron and steel-making closure expected at Shelton Works of British Steel Corporation, Stoke-on-Trent.

Mr. Eric Varley, Industry Secretary, addresses Industrial Strategy Conference, Albany Hotel, Glasgow.

London Chamber of Commerce and Industry small firms group meeting on "Employment Legislation and Small Firms," 69, Cannon Street, E.C.4, 10.30 a.m.

British Army Equipment Exhibition continues, Aldershot.

Confederation of Health Service Employees conference ends, Scarborough.

National Graphical Association conference ends, Isle of Man.

PARLIAMENTARY BUSINESS

House of Commons: Homes Insulation Bill, remaining stages. Iron and Steel (Amendment) Bill, remaining stages. EEC documents on European foundation and cultural sector.

OFFICIAL STATISTICS

Bricks and cement production (May). New vehicle registrations (May).

COMPANY RESULTS

John Brown and Co. (full-year). Nareros (full-year). Rediffusion (full-year).

COMPANY MEETINGS

Bulmer and Lumb, Bradford, 12. Coats Patons, Glasgow, 12. Horace Cory, Nathan Way, S.E., 12. Helene of London, Berners Hotel, W., 12. House of Lerose, Royal Garden Hotel, W., 12.

SPORT

Cricket: Combined Universities v Pakistan, Cambridge. Tilcon Trophy final, Harrogate. Athletics: Nationwide AAA Championships, Crystal Palace (evening). Golf: Sumrie Tournament, Queen's Park, Bournemouth. Tennis: Rawlings Grand Prix, Queen's. Women's International Series, Eastbourne. Cycling: Manx Race Week, Isle of Man.

LUNCHTIME MUSIC

Band Concert, Tower Place, Malcolm Burnock, 12-2 p.m. St. Paul's Cathedral, organ recital, Barry Rose, 12.30 p.m. St. Stephen Walbrook, organ recital, Martin Hall, 12.30 p.m. Guildhall School of Music, Barbican, recital by French Song Class, director Robin Bowman.

COMPANY NEWS + COMMENT

ATV on target with record £13.7m

IN LINE with the forecast of profits not less than £13m made at the time of the October, 1977, *rights issue*, *Associated Television* Corporation reports a record pre-tax surplus of £13.7m for the year to March 26, 1978, compared with the previous year's £11.16m. At midway, the result was slightly down from £5.17m to £5.01m.

Turnover for the year rose from £88.9m to £113.61m and profits were subject to tax of £5.78m (£3.1m) in accordance with ED 19. After extraordinary items of £140,000 (£345,000) and *minorities*, *attributable* profit was better at £8.05m (£7.72m). Comparisons are restated.

Stated earnings advanced from a restated 14.68p to 16.83p per 25p "A" share. As forecast, the total payment on increased capital *is lifted to the maximum permitted* 6.549p (5.422p) per "A" share with a final of 3.777p net—a final of 15.108p on the ordinary capital makes a total of 26.196p (21.688p) per £1 share.

The directors say that if the rate of ACT is reduced *before* the AGM on September 14, they will recommend the payment of an appropriately increased final dividend.

The amount released from deferred tax, together with the share premium obtained on the one-for-four rights issue and a surplus arising on the revaluation of properties, has contributed to an increase of £24m in the group's reserves.

Asked about the current year, *Lord Grade the chairman, commented*: "There is only one word for it—sensational. Capricorn One has opened in the U.S. and took over US$80m in the box offices in the first ten days. It is going to be a really big one—our first *really big one*.

"We have several other very, very big films and we are very buoyant about the films section. We believe we have got this off to a fine art," the chairman added.

For the rest of the business "Every division looks outstanding and we are confident our results will exceed last year's figures," he stated.

Ansafone, which made a loss in the previous year, turned in a profit and "is making great strides."

Lord Grade said ATV was still on the takeover trail, but there was no deal in prospect at the moment. "We are very cautious when we go into other businesses for we only go for those with growth potential," he said. "There will be several other things in due course and we are investigating."

● comment

The market expected ATV to top last October's profit forecast of *over £13m by a bit more than 5* per cent. Television advertising revenue was buoyant along with the rest of the sector and Ansafone turned into the black with a profit of £400,000 compared with a £38,000 loss. Films, however, did *not present such a bright picture*. Though the overall contribution to profits held up five new films released within the year failed to live up to expectations and write-offs have been made for unrecovered production expenses. Meantime the record business has remained sluggish, though music publishing continues strong (profits around £2m) and the company has long-term hopes here with *a* number of new writers developing under its umbrella. This year as advertising revenue slows down TV contracting may only turn in maintained profits. The first half should look good against a period which bore the costs of "Life of Jesus" but the closing months of the year are expected to see increased programme expenditure. Several new films are unlikely to have much impact this year though "Capricorn One" might make a profit in the second half. Overall pre-tax profit could top £15m. Meantime the p/e is 6.2 and the yield is 9½ per cent at 108p, which is a fair enough rating.

Sheepbridge static in second half

AN ALMOST static second half at Sheepbridge Engineering resulted in pre-tax profits being only £0.28m ahead at £5.56m for the year to March 31, 1978, after £2.3m against £2.04m at halfway. *External sales advanced from* £51.8m to £58.30m for the full period.

After tax of £3m, compared with £2.74m, and minorities £85,000 (£48,000) the attributable balance came out lower at £2.48m, *against £2.49m, and on capital* increased by last year's one-for-*four rights issue*, earnings per 25p share are down from 8.4p to 7.4p.

The dividend is stepped up to 4.25p (3.4475p), as forecast at the *time of the issue, with a final* payment of 2.25p net. Also an additional 0.0338p will be paid, if ACT is reduced, with the interim dividend for the 1978-79 year.

Upsurge at Crest Nicholson

WITH TURNOVER up from £11.83m to £16.84m taxable profit of Crest Nicholson jumped from £0.43m to £1.01m in the April 30, 1978, *half-year*.

Directors say the substantial growth in full year profits predicted recently is well within grasp, and that the improvement is coming from all parts of the business.

The property division is expected to produce an impressive improvement in profitability for the year while the marine activities, although busy, are not yet achieving full profit potential.

Orders for tennis courts and *other playing surfaces are well up*, which will result in improved second half profits. All industrial companies have shown an increase in activity.

They say the Board continues to seek further opportunities for expansion.

The result is subject to tax of £0.32m (£0.21m) and minority interests of £25,000 (£19,000).

The interim dividend is lifted from 1p to 1.5p. Last year a 2.3264p final was paid.

● comment

Full-year pre-tax *profits* from the housing to leisure group Crest Nicholson look to be on target for the £2.0m expected by some brokers earlier this year. There is a strong *second half bias*, particularly in the building activities, both on the housing and leisure fronts. Profits from housebuilding have risen from around £214,000 to around £440,000 due to a firmer trend in the house-*building cycle. Crest's own house* prices have been outperforming the national trend, rising by well over 15 per cent on the comparable period, while cost increases are running at around a tenth. Otherwise property development chipped in around £70,000 (nil in the previous period) to group profits. Engineering activities also showed a good improvement now that Lamson is fully integrated. But yacht building interests are still a sluggish performer. On present prospects *the shares at 85p stand on a* prospective p/e of 7.3 and yield 6.6 per cent. A rating which suggests that much of the expected improvement in the second half has been taken into account.

Lookers £0.8m at midway

FIRST HALF results of Lookers, the motor vehicle distributor and engineering group, are a record and the directors are also expecting a peak result for the current year, to September 1978.

From higher turnover of £27.69m against £20.62m, pre-tax *profits for the first half ended* March 31, 1978 rose from £606,849 to £833,420, in 1976-77, the group reported full year profits of £1.44m.

The interim dividend is lifted from 0.9073p to 0.99825p and if *the ACT rate is reduced, a sup*plementary dividend for the previous year will be paid with the interim on September 29, the directors say. Last year's final was 1.5497p.

Profit in the first half was struck before tax of £443,778 (£315,561) and extraordinary credits of £7,584 (£74,358 debit). The interim dividend absorbs £74,008 (£67,280).

All trading departments contributed satisfactorily during the *period. New car sales have been* buoyant and in addition parts operations, vehicle leasing and contract hire, and commercial vehicles sales have shown good results.

The agricultural division maintained its turnover, but *profit* margins have been under pressure.

The second half has started reasonably well, but higher interest rates will raise costs, the directors state.

Arthur Lee falls £0.3m at halfway

INCLUDING A £0.23m release of *provisions no longer provided and* after associate company losses of £106,000 against profits £82,000 last time, taxable profit of Arthur Lee and Sons dropped from £1.03m to £0.67m in the March 31, 1978, half-year.

The result *is* also after additional depreciation of £0.37m (some £0.3m) and is exclusive of realised stock profits.

Directors say its remaining associated company—Alloy Steel Rods—has suffered from disruption caused by substantial expansion, but has now ceased to operate at a loss.

Trading in the majority of manufacturing operations is being affected by adverse market conditions, but the stockholding division continues to produce satisfactory results.

The group's 50 per cent interest in SA Aciers Alexis has been disposed of and the release of provisions came from this source.

Turnover for the year was virtually static at £32.97m (£33m), but directors say that volume showed some reduction, and this, with higher costs in general, affected results.

Profit is before tax of £224,000 (£374,000) and minority interests of £74,000 (£142,000). Last year there were extraordinary profits of £55,000.

Earnings per 12½p share are shown at 1.73p (1.41p) and the interim dividend is stepped up from 0.4p to 0.44p. The rate of final dividend will be decided in the light of circumstances prevailing at that time. Last year a 1.05p final was paid on profits of £2.86m.

Expansion continues at Kwik-Fit

At the AGM of Kwik-Fit (Tyres and Exhausts) Holdings Mr. Stenson, *the chairman*, said that fitting stations were now the principal activity and the expansion of this division continues. Plans are in hand for the opening of 10 new depots which have been acquired and new sites were continually being looked for so that the operation could be extended throughout the UK.

During the first three months of the current year sales from retail depots had shown an increase of almost 50 per cent, and the chairman was confident that this division would see a further *upsurge of profit*. Resolutions put to the shareholders at the EGM were approved.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Arbuthnot Latham	6.23	Aug. 3	5.61	10.08	9.11
ATV "A"	3.78†	—	3.15	6.55	5.42
Baker Perkins	2.4	Aug. 17	2.23	4.3	3.88
Beechwood Construction	1.3	July 28	1.3	1.8	1.8
British Steam Speel.	3.64	July 24	3.24*	5.14	4.6*
Crest Nicholson .... int.	1.5	Oct. 3	1	—	3.33
Edbro (Holdings)	4.28†	Sept. 1	3.93	6.31	5.65
Estates and Agency	0.45	—	0.41	0.45	0.41
Thomas French ...... int.‡	1.2	July 10	1	—	3.19§
Henleys .... int.†	3	Aug. 9	2	—¶	6.59
Investors Capital Tst. int.	0.7	July 3	0.6	—	1.65
Arthur Lee .... int.	0.44	July 21	0.4	—	1.45
Lonsdale Universal ... int.	1.67	Aug. 7	1.39	—	4.63
Lookers	0.99	—	0.91	—	2.46
J. Lyons and Co.	Nil	—	5.54	2.07	7.57
Racal Elect.	2.18†	—	0.58*	3.88	0.39*
Randalls Group	Nil	—	3.2	1.45	4.63
Sheepbridge	2.25†‖	Aug. 1	2.18	4.25	3.45
Tunnel Holdings	7.62	July 31	6.76	10.97	9.86
Vectis Stone .... int.	0.7	Aug. 11	0.6	—	1.48

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 1.6p net final forecast. § For 15 months period. ¶ Forecast 8.4545p gross final making 13p. ‖ Additional 0.0338p if ACT is reduced.

Tunnel just ahead after final quarter setback

A MARGINALLY lower second half surplus of £3.48m compared with £3.5m gave Tunnel Holdings, the cement, etc., manufacturing group, a pre-tax total of £8.52m for the 52 weeks to March 26, 1978, against £6.48m for 1976-77. External turnover shows a small rise from £33.58m to £34.84m with a further *£24.29m (£19.41m)* coming from associates.

Full-year earnings per 50p share are given as 36.7p (28.5p) before extraordinary items and 33.8p (30.8p) after such items. The final dividend is 7.6223p net for a maximum permitted 10.9723p (9.8589p) total.

	1977-78 £000	1976-77 £000
External sales	34,838	33,583
Share associates' sales	24,286	19,408
Depreciation	1,513	1,359
From associates	2,240	2,232
Int. receivable	943	1,006
Other income	119	286
Exceptional items	17	225
Deb interest	128	129
Pre-tax profit	8,516	6,479
Tax	3,132	2,805
Exchange losses	65	6
From minorities	34	6
Extraord. credits	1,999	274
Retained	4,969	2,471

Extraordinary credits consisted of a net *surplus* on the *sale* of an investment — parent group £2.2m (£39,000) and associate nil (£235,000) less goodwill written *off in a subsidiary £200,000 (nil)*.

Mr. J. D. Birkin, the chairman, says that *trading profit* at £8.22m was up 13.9 per cent on last year's £2.92m even though the year saw an intensification of the already poor trading climate in the construction and building materials industries with weather conditions being responsible for a particularly bad March quarter.

The growing costs of the Stablex UK and international development programme for industrial waste treatment have been absorbed. The plant at Thurrock will be opened by The Prince of Wales on July 7.

● comment

Latest full-year results from Tunnel Holdings are at the lower end of estimates. Labour problems, a still depressed building cycle and unusually bad weather (during the group's last quarter) pegged the overall advance to a merely token level pre-tax. A weaker performance at the associate level has not helped where profits fell away from £1.12m to £973,000 in the second half. This seems due principally to increased competition in world asbestos markets, which has affected the performance at Cyprus Asbestos Mines, while currency factors have had an adverse impact elsewhere. Meanwhile in the home cement market, market share continues to slide. At the beginning of its financial year Tunnel started with 10.6 per cent of the market but now holds nearer 10 per cent. Meanwhile the cash position of the group is strong at £16m—equal to around two-thirds of the group's market capitalisation. For the longer-term there is bound to be speculation about what the group's entry into waste disposal activities will have on earnings (the first results of which will not be seen for two years) and more predictably the possible timing of any disposal of the shareholding by Thomas W. Ward. Both factors could provide support for the "B" shares standing at 262p on a p/e of 6.9 and yielding 6.5 per cent.

Reduced loss at Hampton Trust

A loss of £11,094 compared with a previous deficit of £93,659, has been incurred by Hampton Trust for the year ended March 31, 1978. Turnover amounted to £335,664 against £327,196.

The loss is after interest of £34,510 (£30,395) but there is no tax charge this time (£82). There is also an extraordinary loss of £46,850.

The only unprofitable part of the group was the Cherryfields residential site, the directors say.

There remain 20 houses to be completed and it is envisaged that all these will be sold by December 31, 1978. This being so, the Board considers that no further loses will be incurred in this development.

Apart from Cherryfields, the group's income arises from rents received and interest on deposits. Glanthorn, which was acquired on December 12, 1977, contributed £13,000 net profit. In a full year this subsidiary is estimated to produce a net profit of some £50,000.

Certain properties in Glanthorn have been revalued at March 31, 1978, to show a surplus of £29,000 which has been credited to capital reserve. Net assets at March 31 were £954,725 (£450,351).

Thos. French £0.54m at six months

PRE-TAX PROFITS of Thomas French and Sons for the six months to April 1, 1978, rose to £540,231 compared with £469,071 for the six months to January 1, 1977, on turnover ahead from £5.28m to £6.76m. For the 15 months ended October 1, 1977, the group achieved profits of *£1.27m*.

The directors state that the change in the financial year-end complicates comparisons with previous periods; traditionally the first half-year has accounted for less than half the annual profit whereas they now expect similar results for the two halves in the current year.

The interim dividend is lifted from 1p net per 10p share to 1.2p absorbing £43,000 (£37,500) and the directors hope to recommend a 1.6p final—for the 15 months a second interim of 1.25p and a final of 0.94p was paid.

In the UK trading conditions improved somewhat from the very depressed levels of last year. The *recovery in demand has not been* great, but French has been able to take full advantage of it, and some sectors of the business have greatly improved their contribution.

Overseas, there has been no *such recovery, they add*, and results have been less satisfactory. In the short term they say they may expect some slight improvement, except in South Africa where conditions have been exceptionally difficult and are *likely to remain so for some time*.

Pre-tax profit last time was boosted by associates contribution of £13,360. Net profit came out lower at £249,634 against £257,239 after tax of £290,597 (£211,832). Minorities took £5,362 *(£1,320) and the amount attributable* was £234,772 (£246,419) after unchanged extraordinary debits of £9,500.

The company manufactures curtain styling products and electric surface heating products.

ISSUE NEWS AND COMMENT

Henlys 1—4 rights to raise £2.8m

Henlys, the Leyland distributor, is raising £2.8m from shareholders by way of a rights issue of one new 20p share for every four held at a price of 108p each.

The company has also revealed half year figures to March 31, 1978, which show pre-tax *profits* of £2.54m compared with £1.68m on sales up from £71m to £90.2m.

The directors have declared an interim dividend of 3p net per share and are forecasting a total *for the year* equal to 13p gross—an increase of 30 per cent.

Henlys last raised new equity capital in 1964. Since then the company's business has increased significantly and capital employed has increased over the past 10 years from £10m *to £35m*.

Further working capital is expected to be required as a result of the substantial increase in the level of trading and changes to the *pattern* of bulk deposits held by vehicle manufacturers. The directors are also considering opportunities for acquisition.

Commenting on the interim results, the chairman Mr. G. R. Chandler, says that with the exception of forecourt operations, *all trading areas* have contributed to this satisfactory improvement.

In the absence of unforeseen circumstances the group will again achieve record profits in the current year ending September 30. The directors anticipate that profits for the second half will at least match the outstanding results of the comparable period when profits of £2.64m were made.

The present authorised capital is adequate to permit the rights issue but this would only leave a very limited margin of shares available for issue.

As the directors believe this could restrict Henlys' flexibility in the future they have decided to increase the authorised capital. Therefore an EGM is called for June 23 to consider an increase in the capital from £3m to £3.5m.

The issue of 2,641,110 shares is underwritten by Hill Samuel and brokers are L. Messel.

Dealings in the new shares are expected to start on June 26.

● comment

Henlys does not appear to be under any financing strains at present with current borrowings similar to the £8.9m of last September (£3.7m short-term) against shareholders' funds of £22.8m. However, deposits to Leyland for new vehicles are expected to rise soon as changes have been made shifting more of the stocking cost on to the distributor, and Henlys is also looking for finance for acquisitions. The company is currently talking to two or three private companies, though if these discussions come to fruition the total consideration is not likely to be more than £1m. Henlys is hoping to spread its dealership interests and it would not be surprising to see a bid for a Ford dealer and further moves into agricultural equipment. To back up its rights call, Henlys, in line with most distributors, is having a bumper year — interim profits are up 51 per cent—and is pushing the dividend up for an ex-rights prospective yield of 10.3 per cent at 131p. With new car volume up by 23 per cent in the first half, Henlys is outpacing Leyland distributors as a whole, though car trading is a cyclical industry and some analysts are already looking to 1979 for a downturn in registrations which is bound to affect profits.

Ecclesiastical Insurance £3m pref. placing

BY ERIC SHORT

The Ecclesiastical Insurance Office, a small composite insurance company, is raising £3m by a placing of 3m 10 per cent redeemable second cumulative preference £1 shares at par.

The company was established in 1887 by Anglican churchmen to conserve for church purposes profits arising from the insurance of church property. Its existing share capital is owned by Allchurches Trust, a company limited by guarantee and registered as a charity. The surplus profits of EIO are applied for Church objects, including pensions for clergymen and since its incorporation, the company has paid out a total of £4.75m by way of charitable grants and covenants.

The 1977-78 report and accounts show that the general business had an overall profit after tax of £347,000 after an underwriting loss of £155,000 and that its solvency margin was a healthy 58 per cent. But the company has embarked on a programme of expansion outside its traditional role of insuring church and school property. About a year ago it started offering comprehensive insurance for hotels, which has been successful and is endeavouring to penetrate the small office and other small commercial business market.

As such, the Board felt that now was a good time to underpin the capital base to ensure that no problems would arise in the future regarding solvency. The issue of preference capital is acceptable to the Department of Trade for solvency purposes, but does not remove any voting power from Allchurches. A loan stock issue would not have been acceptable and "A" share equity is out of favour.

The company has the option to redeem the second preference shares at any time on or after June 30, 1988, at par together with a premium as follows: Redemption in the years 1988 to 1992 inclusive the premium is 10 per cent. In 1993 to 1997 inclusive it is 7½ per cent. In years 1998 to 2002 inclusive it is 5 per cent. In years 2003 to 2007 inclusive it is 2½ per cent and the premium is nil in years 2008 to 2012 inclusive. Any stock outstanding on December 31, 2012, will be redeemed at par.

The proceeds of the placing will be invested and initially they are expected to earn about 7 per cent net. But this initial shortfall is comfortably accommodated by current profits—the placing gives income cover of 1.8 and assets cover of 2:1. But the *expected additional insurance* business arising from the expanded capital base should stimulate income flow and remove this shortfall by the early 1980s.

The shares have been placed with major financial institutions.

Second half loss from J. Lyons—no final

FACTORS ADVERSE to the UK businesses of J. Lyons and Co. intensified during the last quarter of the March 31, 1978, year and for the second half the group slumped from a £5.33m profit to a £0.35m loss resulting in a full year's downturn from £9.98m to £6.23m. Last year's figure was after an exceptional debit of £3.63m.

The group is also passing the final dividend payment so the total for the year is 2.068p net per £1 share compared with 7.572p for 1976-77 which included a 5.535p final. But directors hope to restore the dividend for 1978-79 to at least the same level as 1976-77.

Turnover for 1977-78 was ahead by £21m to £790m, and loss per share is shown as 1.44p (1.8p earnings).

The directors state that in particular the effect of reduced consumer spending on food was exacerbated by the fierce price competition between food retailers, which impacted adversely on manufacturers' margins. The poor summer weather militated against the group's ice cream and soft drinks businesses, and in France the price control regime contributed to increased losses in the Reybier meat business and further delayed its planned recovery.

They say that these difficulties could have been more easily faced had it not been for the serious dislocation of the UK tea, coffee and instant coffee markets which followed unprecedented commodity price movements. This dislocation, aggravated by "inappropriate Government intervention" significantly reduced group profits; the directors estimated by nearly £5m below what could reasonably have been expected in more normal and stable conditions.

However, the directors remain convinced that there has been no adverse fundamental change in the underlying strength of the group's trading position.

They say that the modest upturn in UK consumer spending at last appears to be resulting in some increased expenditure on food. The group's UK business is benefiting from this as well as from the actions taken by management. "There are currently similar signs of improvement overseas, notably in the U.S.," they add.

Directors say that while it would be injudicious to forecast the full year's results, their experience so far in 1978 and indications from the market-place, persuade them that the recovery which they planned and expected, is only delayed and that the current year as a whole should see a marked improvement in group performance.

An analysis of turnover and trading profit of £26.07m (£35.72m), was split into UK and overseas as to, UK: food products £20?m (£22?m) and £5.71m (£13.03m) catering £14m (£13m) and £0.52m (£0.16m); property £2m (£1m) and £1.34m (£0.22m loss) and non-foods £22m (£18m) and £0.25m (£0.11m loss).

And overseas: food products in Europe £237m (£218m) and £3.72m (£4.4m); in U.S. £179m (£170m) and £10.13m (£12.55m); other £20m (£16m) and £0.67m (£1.1m); and hotel £1m (£1m) and £0.15m loss (£0.13m loss). Businesses sold £6m (£56m) and £1.89m (£4.94m).

In the UK the increase in consumer spending on food in the early months of the year was followed by a significant decline in demand, which picked up only towards the end of the year.

Following a stock-up of tea at the beginning of the year, volume fell back in the latter half thereby lengthening the number of weeks' stock cover represented by purchases made when the world prices were very high. In August and again in October of 1977 the retail price was reduced and demand began to improve.

But a Price Commission report at the end of January 1978 argued for a price reduction on grounds patently inconsistent with economic facts. The directors say that the effect on sales was disastrous.

However, since the beginning of the current year, sales have recovered to more normal levels.

Also the high cost of coffee beans led to consumer resistance and both instant coffee and ground coffee sales declined severely, they add. Consumption is again increasing following a series of price reductions, resulting from a fall in bean costs.

Homburg, the group's major pig-meat operation in the Netherlands, made a recovery from a depressed level of performance and the North American businesses again performed well, although their contribution was affected by the fall in the dollar.

	1977-78 £000	*1976-77 £000
Turnover	790,000	769,000
Trading profit	26,067	35,715
Share of assocs	1,463	[illegible]
Interest payable	21,217	24,042
Exceptional debit	—	3,427
Pre-tax profit	6,233	9,982
UK tax	340	1,516
Foreign	4,411	5,306
Assoc cos	362	721
Net profit	911	2,443
Minorities	1,427	1,616
Making loss	516	*827
Prop. reval. surplus	3,850	1,952
Extraord. debits	11,889	9,580
Attributable loss	8,947	6,151
Pref. divs.	75	93
Available loss	9,022	6,244
Ord. dividend	551	[illegible]
Leaving loss	9,573	9,338

* Restated to account for change in basis for deferred tax, and for change in treatment of investments in companies previously regarded as associate. † Profit.

There was a reduction in reserves of £4.87m (£8.39m) which was principally from a £2m write-off from goodwill following closure of the loss-making fresh-meat operation which was part of the Reybier business, and a £2m provision against the possibility that the group's investment in Spillers-French might need to be written down following clarification of that company's position.

The directors continued to give priority to reducing the high gearing of the group and reduced total debt by some £21m, only a small part of which results from favourable exchange movements.

See Lex

Mr. Neil Salmon, chairman of J. Lyons—dislocation of tea and coffee markets in UK, following commodity price movements, cut profits by some £5m.

Racal expands by 52% to record £49.83m

COMPARED WITH last December's forecast of profits exceeding £45m Racal Electronics achieved pre-tax profits up by 52 per cent from £33.7m to a record £49.83m for the year ended March 31, 1978, on turnover ahead by £61m to £183.34m.

On capital increased by last year's rights issue earnings per 25p share for the year are shown at 25.46p (18.89p) and with Treasury consent the dividend is effectively raised from 0.8895p to 3.88p net with a final payment of 2.18p.

Net profit came out at £28.64m (£19.75m) and after minorities the attributable balance emerged at £28.5m (£19.6m).

The group has entered into a contract to sell Racal's 88 per cent interest of Racal Electronics South Africa, consisting of 88,000 ordinary shares, to Grinaker Holdings of Johannesburg for R7,549,000 (£4,718,000).

Grinaker has also agreed to purchase the remaining 12 per cent from the minority holders, they add.

The contract also provides for the redemption at par of the R770,000 redeemable preference shares held by a subsidiary of Racal and to the repayment of loans and other indebtedness to other members of the Racal group, amounting to R1,881,000.

This contract is subject to consent of the Bank of England and the Treasury, and, in South Africa, to the approval of Grinaker shareholders and to the consent of the Reserve Bank of South Africa.

At March 31, 1978, net tangible assets of Racal Electronics South Africa attributable to ordinary shareholders amounted to R5,669,000 and pre-tax profit for the year to that date amounted to R3,302,000.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Cardif Malting, News International

Finals: E. Austin (London), John Brown, Norcros, Rediffusion, Sega.

FUTURE DATES

Interims—	
Gillett Bros. Discount	July 26
M and G Dual Trust	June 28
Finals—	
Gates (Frank G.)	July 4
Moss (Robert)	June 29
Renwick	June 27

maximum allowed under current legislation.

Arbuthnot Latham and Co., the merchant bank, produced increased profits after taxation and transfer to inner reserves, and Arbuthnot Insurance Services, the group's insurance broking side, had another record year. The investment division also contributed to the growth in non-banking earnings.

Arbuthnot Latham increase

WITH £708,000 against £671,000, coming from the banking group, and £687,000 against £382,000, from other group companies, profits after tax of Arbuthnot Latham Holdings rose from £1.05m to £1.4m for the year to March 31, 1978.

After taking into account the share of profit of associated companies and deducting loan interest and minorities, the attributable profit, before extraordinary items, is £1.1m (£0.93m), an increase of 18 per cent.

Earnings are shown at 15.9p (13.5p) per £1 share undiluted and 15p (12.8p) diluted. The final dividend is 6.23p per share making 10.05p (9.111p), the

Lonsdale Universal well ahead

PRE-TAX PROFITS up from £585,000 to £747,000 on turnover of £14.67m against £12.58m are reported by Lonsdale Universal for the first six months to March 31, 1978, and the directors are expecting current trends to be substantially maintained in the second half-year.

The interim dividend is raised from 1.392 to 1.67p per 25p share. This increase—some 20 per cent—is greater than that which will be permitted if current regulations remain in force next March when the final is considered, the directors say. Subject thereto, the final will be increased by a similar percentage. Last year's final was 3.2404p.

Earnings per share in the first six months are stated to be 8.05p against 6.52p. Tax charge is £169,000 (£132,000) and £445,000 (£250,000) is retained.

Lonsdale is an industrial holding company with subsidiaries operating in office stationery and printing, bookselling, retailing and property management, etc.

Substantial progress being made at M&S

THE CURRENT year at Marks and Spencer has started very well with substantial progress in both turnover and profits, the chairman, Sir Marcus Sieff, told yesterday's annual meeting.

"The hope is that in 12 months' time I will have a better report than today's, to present to you," he said. In 1977-78 the retailing group recorded a pre-tax profit of £117.9m from a turnover of £1.25bn.

In reply to a question on the company's attitude towards acceptance of credit cards, Sir Marcus said a proposal is being studied and that a decision was likely before the end of the year.

directors continued "to be on the alert for new opportunities to extend our business" and since publication of the annual accounts further acquisitions, not recorded there, have been under negotiation.

"It is too early yet, however, to say that these have been finalised," he added.

On current trading Sir Hugh recalled that in the figures for the 13 weeks to April 29 reported recently sales were shown to be ahead by 17 per cent and net profits ahead by 118 per cent compared with the same period last year.

"The upward trend has continued in May and sales and net profits again show a substantial increase. The first-quarter performance shows that we have had some success in reducing the seasonality of our profits," he said, but he pointed out that by far the largest proportion is earned in the last four months of the year and though the directors were optimistic it was too early to make any forecast.

Even so unless there is a severe downturn in the current conditions, and having regard to all store improvements and recent extensions he was confident of a good result at full-time.

John Laing's property flotation

John Laing and Sons, the international contracting group, is to go ahead with its plans for a separate quotation for its £83.3m property investment division.

Sir Maurice Laing, the group's chairman, told shareholders at yesterday's annual meeting that "considerable progress" has been made towards a separate property flotation. Laing has now received the tax clearances necessary before the proposals could be put to shareholders. And so the board has now agreed in principle to proceed with a scheme of arrangement under Sections 206 and 208 of the 1948 Companies Act.

The scheme being considered would involve bringing the construction, homes and construction materials side of the business into one new company, John Laing Limited, and the formation of a Laing Properties Limited which would hold the group's investment properties. Both companies would be listed on the Stock Exchange and existing shareholders would be offered one share in each new company for every ordinary or "A" share they hold in the existing company. The distinctions between ordinary and "A" non-voting shares will be retained.

Full details of the scheme should be forwarded to shareholders before the end of August and the scheme will need to be sanctioned by a special shareholders' meeting and by the High Court. To maintain dividend continuity, existing shareholders will receive a payment for the current accounting period around the end of September.

Mersey Docks still chasing extra trade

The general cargo trade is continuing at a low level Sir Arthur Peterson, chairman of Mersey Docks and Harbour Company told the annual meeting. Some trades, however, have picked up, he said, and the directors are continuing their efforts to obtain more trade for the port.

He warned that the directors' efforts at controlling costs will not be helped by the imposition of the additional national insurance surcharge which starts in the autumn. In a full year this will add an additional £1m to the company's costs.

The situation with regard to possible development of the south docks remains uncertain. Of the three interested parties one has offered a modest cash deposit in return for what amounts to the granting of an option to take up building leases of an area around Canning and Albert Docks. This offer is under detailed examination but even if the Board accepts the proposition there are still possible difficulties over the type of development for which the local authorities are prepared to give approval.

Whatever the outcome of the present negotiation a sale of property is not currently envisaged and it will be some time before revenue from building leases becomes receivable, he added.

H. J. Heinz declines to £17.3m

Taxable profit of H. J. Heinz Company, the food group, dipped from £17.27m to £16.16m on the April 30, 1978 year.

After tax of £8.27m (£8.73m) net profit came out at £7.89m (£8.54m) before extraordinary debits of £0.32m (£0.78m).

The company is a subsidiary of H. J. Heinz Company of the U.S., which has produced a Scheme of Arrangement to cancel the outstanding 8.08 per cent of shares in the UK company not held by it.

Baker Perkins turns in £8.93m

AFTER A marginal increase from £3.35m to £3.55m in the first half, pre-tax profits of Baker Perkins Holdings finished the year to March 31, 1978, ahead from £7.92m to £8.93m on sales of £86.5m, against £81.42m.

After tax on the ED19 basis of £1.94m (£3m) full year earnings are stated at 29.5p (19.7p) per 50p share and the dividend total is raised from 3.884p to 4.3p net with a final of 2.4p.

	1977-78 £000	1976-77 £000
Sales	86,500	81,418
Investment income	1,065	962
Interest	504	273
Pre-tax profits	8,932	7,917
Tax	1,938	2,997
Extraordinary debit	291	†226
To minorities	—	234
Attributable	6,703	4,914

ED 19 and 21 have been applied and comparatives adjusted † Credit

The increase in interest payments reflects the cost of servicing the loan raised last year to finance the purchase of minority interests in Baker Perkins Inc.

The lower tax charge is the result of substantially higher investment in plant and machinery and an increase in stock relief. The return on average capital employed of profit before interest and taxation on the historical cost basis was 22.8 per cent compared with 21.3 per cent in 1976-77.

Sales increased by 6 per cent, with the proportion outside the UK similar to last year at 71 per cent. The increase understates the actual improvement achieved as, if adjustments are made to last year's sales values to reflect the disposal of the laundry machinery business announced in December, 1977, and the strengthening of sterling, the sales value of the continuing businesses increased by approximately 12 per cent.

Mr. Ian Gilbert, the chairman, says that having regard to the persistently sluggish business climate which prevailed in most countries throughout the year, he considers the result a creditable performance. On the likely outcome for the current year he tells members the mood of uncertainty in the markets of the world seems to be greater than 12 months ago and business confidence is at a lower ebb.

Baker Perkins started the year with a somewhat lower order book than a year ago and there is still a noticeable hesitancy in finalising orders. This has inevitably caused a slow start to the current year and it is unlikely that the results for the first half year will exceed those for the same period last year. However, provided the economic climate does not deteriorate further, further progress should be made in the full year.

The group manufactures plant and machinery for the bakery, biscuit, chemical and printing industries.

● comment

Baker Perkins' 13 per cent profits rise, coupled with the company's announcement of a sluggish start to the current year, disappointed the market and the shares fell 7p to 97p. While world demand for capital equipment is still relatively slack there has been some increase from the U.S. and continental Europe. This enabled BPs division making laundry, foundry and printing plant, to recover which together with a similar improvement from the Australian company meant that the overall division broke even after incurring a combined loss of £1.6m last time. Equally the food processing and packaging machinery division was able to mark time in spite of a UK downturn in demand for bread-making plant. But the chemical machinery side's profits were a quarter lower due to increased expenditure on product development. However, the order intake so far this year has been relatively poor and industrial problems with the associate in Germany during March will reduce the amount of investment income. The shares reflect the depressing outlook on a p/e of 3.2 while the yield is 8.9 per cent, covered almost seven times.

Advance by Investors Capital

Gross revenue for the six months to May 31, 1978, at Investors Capital Trust rose from £1.66m to £1.72m and net revenue advanced from £0.56m to £0.68m.

Earnings are shown at 1.04p (0.85p) per 25p share and the interim dividend is lifted from 0.6p to 0.7p net. Last year's total was 1.65p paid from net revenue of £1.19m.

Net assets have risen by 7 per cent since November, 1977, mainly owing to the recent strength of many of the trust's American holdings. While asset value per share has risen from 95.4p to 103.0p during the period since November, the market indices in the U.S. and UK are on balance little changed.

Income received to date has matched the directors' best expectations with dividend increases from equity investments and rather more earned than anticipated on cash balances.

On the basis of the current income estimate for the full year, the directors expect to recommend an increase in the final dividend not less than the 17 per cent in the interim distribution.

WARNFORD INVESTMENTS—Results for 1977 already known. Group fixed assets £[illegible] net current assets £[illegible]. Working capital increased by £[illegible]. Meeting, 20 Aldermanbury, E.C., August 2 at 2 pm.

Tebbitt Group loss exceeds £214,000

Following a turnround from a £20,640 profit to a deficit of £99,514 at halfway, Tebbitt Group fell deeper into the red in the second six months to finish 1977 with a pre-tax loss of £214,442, compared with a £24,388 surplus last time.

At midway, the directors said that since the group had come into new ownership, a thorough assessment and reorganisation had taken place and they were confident that the benefit of this would be felt before the year-end.

Loss per 10p share for the year increased from 0.39p to 4.73p and again no dividend is to be paid—the last payment was 0.67p net in respect of 1973.

Turnover for 1977 dropped from £2.26m to £1.83m and the result was before a tax credit of £33,437 (£36,433 debit) and an extraordinary debit of £25,863 (£3,693 credit).

More deals in view at House of Fraser

A hint that news of further acquisitions by House of Fraser may soon be heard, was given yesterday by Sir Hugh Fraser, the chairman, at the annual meeting in Glasgow.

He told shareholders that the

MINING NEWS

Charter steps carefully out of the wood

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Charter Consolidated, the UK mining finance arm of South Africa's big Anglo American Corporation, is still treading its way carefully after having survived major and costly disappointments, such as the ill-fated Tenke-Fungurume copper venture in Zaire and the disastrous investment in the Botswana RST nickel-copper operation.

Another problem child, the Cleveland Potash operation in Yorkshire which was written down by £7.5m last year, has only recently reached a production rate of just under 40 per cent of capacity. Further funds of up to £18m will be provided this year by Charter and its partner Imperial Chemical Industries to support the struggling operation.

Charter's chairman, Mr. Murray Hofmeyr, says in the annual report that at least there are no longer any known geological or purely technical factors to prevent Cleveland's steady progress to profitability. But labour problems remain and Mr Hofmeyr cannot see a rapid improvement in the price of potash while substantial stocks overhang the market.

In the past year to March 31, Charter raised its earnings to £25.4m from £19.3m thanks to increased dividends from Anglo and the diamond interests coupled with higher share-dealing profits. At the same time Charter's diversification paid off in that higher income from tin, wolfram, diamonds, gold and platinum cushioned the fall in earnings from the depressed base metals.

Much of Charter's strength is drawn from its major investments in other leading finance houses, this source providing 54.2 per cent of 1977-78 investment income compared with 49.9 per cent in the previous year. Among these holdings, that in Selection Trust has been reduced to 23.8 per cent from 28.1 per cent a year ago while a sizeable sale has been made of shares in Union Corporation.

At the same time Charter is seeking to expand its UK industrial earnings base in order to achieve a more equal balance between industrial and mining investments and between UK and foreign earnings; last year South Africa provided 37.9 per cent of revenue while 32.8 per cent came from a relatively smaller percentage of assets in the UK.

Mr. Hofmeyr ventures no forecast of current year's prospects but the revenue pattern of winners and losers may not be greatly changed. On this basis a further modest rise in profits appears to be on the cards. The shares were 139p yesterday.

Tara's debts

CANADA'S Tara Exploration and Development has tentatively agreed with the Toronto-Dominion Bank for a revised repayment schedule of the senior debt of the 75 per cent-owned Tara Mines which operates the big lead-zinc property in Ireland.

At yesterday's Toronto meeting the Tara president, Mr. Michael McCarthy, gave no details but said that the repayment plan would be in line with current metal prices and revised cash flow projections.

The major portion of Tara Mines' senior debt advanced by the Toronto-Dominion banking consortium totals US$108.5m (£59.1m).

Tara Exploration is 10 per cent-owned by Northgate Exploration which also held its annual meeting in Toronto yesterday. The president, Mr. Pat Hughes, said that after the profits setback in the first quarter of this year which reflected low production at the Tynagh lead-zinc mine in County Galway, output had recovered in the second quarter.

It is running at an average of above 50,000 tons of ore a month which is the level needed in order to avoid operating losses. Mr. Hughes mentioned the group's various exploration activities, but had little to say regarding the Irish uranium exploration of the group's 24 per cent-owned Anglo United Development.

KALGOORLIE SOUTHERN

Australia's Kalgoorlie Southern Gold Mines has now averted the threat of a winding-up. The suspension of trading in the shares has also been lifted following shareholders' approval of the purchase for A$1.8m (£1.1m) of a 50 per cent stake in Three Springs Talc from Universal Milling. Three Springs earned A$512,000 in the year to last June.

Western Mining owns the other half of the talc producer. As already announced, Western Mining and Gold Mines of Kalgoorlie have sold their respective interests of 30.83 per cent and 27.17 per cent in Kalgoorlie Southern to Universal Milling of Perth and are waiving debts owed to them by Kalgoorlie Southern.

Kalgoorlie Southern faced winding-up following the lack of success in Western Mining's efforts to find under acceptable conditions a joint venturer for the company's gold mining leases in Western Australia. These leases remain intact and unencumbered under the latest deal.

TWO MORE JOIN W. AUSTRALIA'S DIAMOND RUSH

Australia's Haoma Gold Mines with North West Mining have joined Western Australia's diamond rush. They have been granted three large temporary reserves in the West Kimberley goldfield, reports our Perth correspondent.

The areas involved cover 524 sq km and a Haoma announcement describes them as being "adjacent to Conzinc Riotinto of Australia's diamond tenements in the Lennard River area." Indeed, one of the five areas is within a block being worked by the Ashton joint venture which CRA is heading.

Haoma and North West plan an airborne geophysics survey over the area. Carr Boyd Minerals is working nearby, and the group that includes Otter, Sparges and Bamboo Creek is operating farther south around Nullagine in the Pilbara.

Among the international groups that have followed the Ashton group and Anglo American Corporation subsidiary, Stockdale Exploration, into the diamond search are Selection Trust and Amax.

Diamond prospecting has developed into a mild frenzy reminiscent of Poseidon nickel boom times, helped by rumours that the Ashton joint venturers have discovered diamonds of gem quality.

HYUNDAI COAL

Hyundai International of South Korea has applied for Australian Government approval of its plan to mine coal in New South Wales, jointly with White Industries of Australia.

A spokesman for Australia's Ministry of Energy and Resources said that the Government would favourably consider the plan which calls for investment of A$45m (£28m), including A$10m in equity investment.

The Government has been encouraging Korean firms to mine coal overseas to supply domestic power plants. One source said that White Industries will control 80 per cent of the joint venture and Hyundai, 20 per cent.

BIDS AND DEALS

Mystery approach to J. B. Eastwood

BY JAMES BARTHOLOMEW

Shares of J. B. Eastwood were suspended at 90p yesterday following a bid approach from an undisclosed source. The suspension price values the eggs and poultry company at £21½m.

In the stock market the first name to come to mind as the likely bidder was Imperial Group which has substantial broiler chicken interests already. But Imperial's stake in this field could be too great for such a bid to get past the Monopolies Commission. Eastwood and Imperial have 38 per cent of the chicken market between them.

Among the other mooted candidates, Unilever, BAT Industries, Borthwicks and Northern Foods all denied that they are the bidder. Other suggestions were Union International, Dalgety or perhaps a North American company.

The poultry industry has not been healthy recently—except in comparison to the red meat business. But recently there have been signs of improvement. Meanwhile, eggs have had a difficult time and are regarded as a tricky cyclical business. The bidder is therefore expected to be a fairly sizeable company which knows the area and can afford to view the ups and downs philosophically.

Imperial Group is the only company which would be likely to run into monopoly difficulties. No other company has more than 5 per cent of either the egg or poultry markets. Eastwood claims to have 14 per cent of the former and 13 per cent of the latter.

The Eastwood board will probably require a bid price well in excess of the 90p per share valuation in the market before recommending an offer. In the last annual report, Sir John Eastwood, the chairman, wrote that the book net worth of 168p per share "is only a fraction of the true value." The agricultural land and freehold buildings in the balance sheet at £23.3m, were last valued in 1973. "Since then land values have more or less doubled," wrote Sir John.

Over the last five years, Eastwood has diversified both by product and by country. It has entered the turkey and pig businesses and obtained subsidiaries in Germany, Holland and France. In 1977, the company invested £9½m in fixed assets. Its pre-tax profit was £8.8m.

Lesney expands further in U.S.

Lesney Products and Co. is making further inroads into the U.S. toy market with the acquisition of most of the assets of AMT Corporation, a publicly-quoted manufacturer of plastic model kits, for $8.65m (£4.8m) cash.

Plastic kits account for around 5 per cent of Lesney's current group sales: and currently sell within a price range of 44p to £3.50. The acquisition will add a range of toys in the more expensive bracket—from $2 to $15—and, according to Mr. F. M. Tapscott, chairman, lift the share of plastic kits to 15 per cent of group sales.

At present around a quarter of Lesney's profits come from the U.S., which represents half the free world's toy market.

As a result of the acquisition, Lesney hopes to be able to improve its profit margins on plastic kits in overseas markets.

Up to now it has been expensive to ship plastic kits—a low weight but high volume toy. Now, Lesney will be able to fly moulds across the Atlantic in both directions and manufacture the entire range locally.

The acquisition is being financed by a medium-term dollar bank loan in the U.S.

AMT's directors will liquidate the corporation and Lesney's U.S. subsidiary, Lesney Products Corporation, will acquire all of its assets with the exception of a factory at Troy, Michigan, with effect from August.

For 1977, AMT's group sales totalled $13.38m ($16.7m), representing about 13 per cent of the U.S. plastic kit market. However, the company incurred a pre-tax loss of $0.39m, against a profit of $1.19m, mainly due to industrial problems at the Troy factory.

Mr. Tapscott said that the U.S. plastic kit operation will be conducted entirely from short-term leasehold premises in Baltimore. After write-offs of around $1m for moulds, he expected sales of about $13m and pre-tax profits of around $1.4m in the first full year.

AMT has total assets of $10m with net worth of $3.7m. It employs about 300 people.

MEPC IN MAJOR FINANCING DEAL

In a major property financing deal MEPC has arranged medium-term bank loans to cover the building costs of its two largest remaining development schemes. Medium-term loans at "favourable" interest rates enabled MEPC to start work this week on its partially pre-let 150,000 sq ft Guildford shopping centre. And a separate loan agreement will enable the group to build a 44,500 sq ft shop, and 41,000 sq ft office scheme by the Bond Street tube station in London's Oxford Street.

MEPC's success in arranging bank finance for the schemes, which are expected to have an eventual capital value of around £25m apiece, stands out because of the extreme rarity of this form of bank finance for developments in recent years. The arrangements mean that the group has avoided trading its equity in the schemes in return for financing.

RUNCIMAN BUYS INTO LIQUID GAS

The Walter Runciman group has acquired a 51 per cent interest in Liquid Gas Equipment of Edinburgh, a privately-owned company specialising in liquid gas engineering. The two companies are already associated through a joint company, Gibson Liquid Gas, and the acquisition is intended both to strengthen the existing association and contribute to Runciman's expansion in the liquid gas field.

DALGETY PAYS £6.9M FOR MALTINGS

Dalgety has fulfilled a plan to use part of the proceeds of its £12m March 1977 rights issue to increase the malting capacity of its subsidiary, Associated British Maltsters, by acquiring the maltings of Inver House Distillers, a UK subsidiary of the U.S. based Publicker Industries.

The sale was disclosed last Monday but the price of £6.85m was not revealed until Dalgety issued a formal statement yesterday.

A recent study by the broking firm Hedderwick Stirling Grumbar and Company suggested that the demand for malt for brewing will grow at a rate of 2 per cent a year for the next seven years while the demand from malt whisky distillers will be running at 5 per cent.

The acquisition, which will complement Dalgety's existing Scotland-based plant will increase total capacity by 50 per cent and position it to take advantage of the better growth trend from malt whisky distillers.

ASSOCIATES DEALS

Hedderwick Stirling Grumbar and Co. bought 30,000 Wood and Sons (Holdings) ordinary shares at 54p on behalf of associates of Newman Industries.

Seligmann Rayner and Co. bought on behalf of Petford 10,000 W. Hendall at 25p. Petford now owns 280,000 shares (10.4 per cent).

Customagic chairman quits Mooloya Board

Sir Cecil Burney is to resign as a director of Mooloya Investments with the company in the middle of a £1m bid for Customagic. Sir Cecil is also chairman of Customagic which has been split by the 20p-a-share offer.

Sir Cecil's resignation comes at a time when the City Take-over Panel has said that it is seeking further information from Mooloya regarding a contract with a Jersey consultancy company.

The contract refers to a £38,625 fee to be paid to Gras d'Eau for procuring the transfer of 1.4m shares to Mooloya from certain Customagic shareholders—including four members of the Terry family who between them control a 26 per cent. stake in Customagic.

Mooloya has also entered into an agreement with Mr. Maurice Prax, a Jersey consultant who is to make his services available to Mooloya for £7,500 a year fee conditional upon Mooloya acquiring over 50 per cent. of Customagic.

The agreement to run for five years states that Mr. Prax's services will not be required outside of Jersey and in the event of his death his fee will be paid in full to his estate.

On April 30 this year Mr. Prax initialled an agreement by which Mooloya conditionally acquired 658,000 shares in Customagic, representing a 12½ per cent stake. Mooloya currently holds a 47 per cent stake in the company, including the Terry family interests.

A further agreement involves Mr. Bernard Terry who is to accept the appointment of director for Customagic's Mail Order division, for £15,000 a year, the agreement to run for six years and provided the bid goes unconditional.

The bid has caused a split between the Terry family and other directors of Customagic, including Sir Cecil Burney, who are opposed to the offer.

REDMAN/SPOONER

A former chairman and managing director of Spooner Industries has endorsed the Redman Heenan offer of 65p cash for each Spooner share, Redman's chairman, Mr. Angus Murray claims in a letter to Spooner shareholders.

But while it may have the endorsement of a former Board member Redman has the implacable opposition of the present Board, which has described the offer as "completely inadequate and totally unacceptable."

The detailed reasons for the present Board's rejection of the offer will be circulated to Spooner shareholders in the near future but essentially they relate to the fact that the price is below current book asset value of 69p a share; below the revalued asset backing and at a p/e of 6.8 Redman would be buying earnings very cheaply.

Mr. Murray points out that Spooner's profit record over the past decade has been erratic and that the prospect for the latest year's result was of an improvement on last year but the size is uncertain.

He adds that this "indifferent performance has been reflected in the market value of the shares over the last five years." The highest price, after adjustment for scrip issues was 62p in 1973.

Mr. Murray produced the traditional "assets can only be assessed by reference to the level of profits consistently earned by them" to counter the argument that the offer is below the net tangible asset backing.

Advice to help small companies

THE WELSH Development Agency is to expand its help and advice service for small companies.

Its Small Business Unit will provide a counselling service on business life to assist companies employing fewer than 200 people.

Wedgwood expansion on target—100% scrip

MOST OF Wedgwood's recently extended manufacturing facilities are now in production and beginning to make a useful contribution to output, Sir Arthur Bryan, the chairman, says in his annual statement. Other expansions are also either in the course of building or under negotiation.

Provided there is no return to excessive cost-push inflation he anticipates that the group will come close to achieving the ambitious targets set for its factory and sales forces in the current year, he says.

Wedgwood is making a one-for-one scrip issue, and dealings in the new shares are expected to begin on July 24.

As previously reported, pre-tax profit in the April 1, 1978 year advanced 8 per cent to £8.35m after exchange losses of £0.77m (£1.24m profits).

The weakness of the American dollar had a considerable bearing on the sales figure of £78.4m falling £8m short of target, Sir Arthur says.

During the year its share of world markets increased, particularly in the U.S., Canada and Europe.

A current cost statement shows the profit for the year cut to £6.48m (£4.97m) by additional depreciation of £0.63m (£0.39m) and stock replacement of £1.75m (£3.29m) offset by a £0.51m (£0.02m) gearing adjustment.

At year-end fixed assets were £22.29m (£17.45m) and net current assets £20.11m (£15.9m).

Meeting, 34 Wigmore Street, W., July 19 at 11 a.m.

GA partner in Saudi Arabia venture

A new insurance company, Pan Arabian Insurance Company, has been formed jointly by General Accident Fire and Life Assurance Corporation and Sheik Abdul Karim El-Khereiji, the principal of the International Corporation for Trade and Contract Services, insurance agents in Saudi Arabia.

The new company is a joint operation in which the Sheik has the majority shareholding, while General Accident and the Insurance Company of North America hold substantial minority interests.

The new company, with headquarters in El-Khereiji building, Dammam, will write all classes of insurance, including fire and allied lines, ocean and inland marine, contractors' all risk, general liability, workers' compensation, accident, crime and motor.

Pan Arabian will be represented by the International Corporation for Trade and Contract Services, an agency which has represented General Accident in Saudi Arabia since 1975. The agency's headquarters are also in Dammam and it has branch offices in Riyadh and Jeddah.

Brit. Steam advances to £2.27m

A SECOND half advance from £1.09m to £1.36m at British Steam Specialties Group lifted the full year's figure to March 31, 1978, from £1.78m to a record £2.27m on turnover of £31.14m against £27.24m.

Stated earnings per 20p share are 11.5p (8.6p) and the dividend is effectively raised from 4.6p to 5.157p net with a final payment of 3.637p. Also proposed is a one-for-ten scrip issue.

Tax for the year took £1.19m (£0.97m) and the amount retained came out at £0.6m (£0.4m after an extraordinary credit of £25,000).

The group manufactures and supplies pipeline equipment.

Vectis Stone well ahead at midway

Including three months' results from Celtic Oil Supplies, taxable profit of Vectis Stone Group climbed from £126,513 to £203,406 in the March 31, 1978, half-year on turnover up £3.29m to £6.95m.

Directors say the group has continued to be busy during the summer and that profits for the full year are expected to be well in excess of last year's record £404,302.

First-half profit is subject to tax of £110,750 (£66,125).

The interim dividend is up from 0.6p to 0.7p net per 10p share. Last year a 0.884p final was paid.

Group interests include gravel extraction and tarmacadam manufacture, civil engineering, plant hire and petroleum product distribution.

Beechwood £88,745 downturn

A second half fall of £27,626 at Beechwood Construction (Holdings) followed a first half downturn from £195,641 to £124,322 and for the full year ended March 31, 1978 the civil and mechanical engineering group announces a fall in taxable profits from £400,898 to £312,153. Turnover for the period was ahead at £8.23m against £7.25m.

Earnings per 10p share are shown as 2.5p (3.5p) and the dividend is maintained at 1.5p net with an unchanged final of 1.3p.

Pre-tax profit was struck after depreciation £433,918 (£421,886), and interest payable £155,544 (£182,934). Tax took £174,967 (£203,155) and after extraordinary debits of £15,458 (nil) and minorities profit £146 (£20,109 loss), the attributable balance came out at £141,582 against £217,852.

Midway rise for Trans Oceanic

After interest and management expenses of £525,400, against £427,600, pre-tax income of the Trans-Oceanic Trust improved from £427,600 to £535,400 for the six months to April 30, 1978.

Available revenue was higher at £332,100 (£262,100). An interim dividend of 1.5p (same) net has already been paid in the current year—last year's final was 3.5p from £662,000 taxable revenue.

Net asset value at the half-year is shown at 223.8p (212.6p) per 25p share and assuming full conversion, at 237.4p (206.7p).

Edbro recovers in second half

AFTER FALLING from £1.77m to £1.13m in the first half, pre-tax profits of the Edbro (Holdings) engineering group recovered in the latter half and finished the year to March 31, 1978, ahead from £3.61m to £3.66m.

Earnings are shown at 44.5p (51.1p) per 25p share before tax of £0.99m (£1m), and 32.5p (37p) after tax. The issued capital was increased by 107,634 shares on the acquisition of Longton Machinery Supplies last September and by 1.05m shares on the acquisition of Edbro (Scotland) last November.

The net final dividend, based on a 33 per cent tax rate is 4.2845p for a maximum permitted 6.3145p (5.6548p) total.

The directors say that in the absence of further Government guidance, the final dividend will be increased to 7p per share, making a total of 9.0291p by the declaration of a second interim payment on August 1 of 2.7156p.

If the rate of tax remains at 34 per cent and there is no change in dividend control the proposed final will become 4.2268p, the maximum permitted under current legislation.

	1977-78	1976-77
	£000	£000
Turnover	26,771	22,777
Int. and divs. recd.	42	31
Interest charges	301	91
Pre-tax profit	3,662	3,606
Tax	987	1,001
To minorities	7	—
Retained	2,172	2,207

● comment

Edbro's caution of a year ago was well justified and after the poor first half the company, bolstered by acquisitions, has done well to just beat the previous pre-tax profit figure. Excluding acquisitions which all came in the second half, taxable profits would have been nearly 10 per cent down but the company has incurred redundancy payments of £200,000. Lack of orders, short time working and industrial unrest hit the first six months but an all round improvement, both at home and overseas, helped make up much of the shortfall. Two trends are apparent in Edbro's future growth pattern. First, the company is now concentrating on a narrower range of products rather than producing to customer specifications. This involved the purchase last year of a new warehouse in Manchester and some further increase in stocks which has pushed the overdraft up to £2m, although this is still only 16 per cent of shareholders funds. Secondly, Edbro's long term strategy is for more automation—capital expenditure on plant and equipment next year is likely to exceed £1.5m. With three-quarters of the home market for hydraulic tipping gear already under its belt, Edbro's thrust will have to be in the tough overseas markets where penetration is weak. At 159p the shares still have potential on a p/e of 4.8 and a yield of 6.1 per cent.

LWT/HUTCHINSON

Acceptances received by LWT (Holdings) amount to 951,000 shares 98.10 per cent of Hutchinson ordinary capital in issue prior to the capitalisation. The offer is now unconditional and remains open.

Boots set for further capital investment

THE STRONG financial position of the Boots Company is emphasised by Mr. G. I. Hobday, the chairman in his annual report. The group will continue to invest in improving and extending facilities to make use of any opportunities, he says.

This will place the group in a very good position "at the time when recession is behind us and our customers' spending potential is restored," Mr. Hobday adds.

The indications are that consumer spending will become more buoyant in the UK during the current year and the group is well poised to take full advantage of this in its stores.

The substantial capital investment programme continues to be directed towards increasing Boots share of important retail and industrial markets in the UK and the world at large, particularly the EEC and North America.

A record £56m was approved and committed during the year for capital investment projects in the UK and abroad. However, actual expenditure, although higher than the previous year was lower than planned owing to delays and some difficulties in the building industry, the chairman says.

Future capital expenditure approved by the directors but not provided for shows contracts placed of £29.0m (£22.0m) and contracts not placed, £17.2m (£6.6m).

For the year ended March 31, 1978 pre-tax profits were up from £91.1m to a record £107m on sales of £857.8m (£777m). The dividend is 2.9092p (2.7058p). A current cost statement shows a depreciation adjustment of £10.9m, cost of sales, £9.7m and a gearing adjustment of £1.9m lowering the pre-tax profits to £88.3m.

The group's own brands continue to grow, says Mr. Hobday. During the current year, new laboratories will be opened at a capital cost of £1m to assist in the quality control of own brand developments.

Capital investment in new shops has remained at a high level and amounted to £21m. A total of 37 chemist shops will be replaced or enlarged, with new stores being opened in Manchester, Taunton, Kettering, Leamington Spa and Colchester.

On chemicals manufacture, the chairman says it is now impracticable to contract further plants on the Nottingham site and agreement was recently reached to buy land at Cramlington, Northumberland, on which future chemical manufacture will be sited in the UK.

During the year, work was started on a new extension to the group's laboratory facilities to provide a significant increase in space available for medical and pharmaceutical research teams.

The integration of Rucker Pharmacal Company of the U.S. is proceeding satisfactorily and the development of this company into a vehicle for the marketing of Boots products in the U.S. is a major objective, the chairman states.

Meeting, 20, Aldermanbury, E.C., July 20, at 11.00 am.

LOF'S MEETING

The annual meeting of London and Overseas Freighters will be held at the Baltic Exchange at 11 a.m. on July 17 and not July 11 as reported yesterday.

Randalls slumps to £0.3m loss

THE FINAL dividend has been omitted at Randalls Group after it slumped to a £409,000 loss in the second half of 1977 to leave the pre-tax loss at £284,597 compared with a £715,207 profit previously. Turnover dipped from £24.63m to £22.36m.

At halftime when profit was down from £224,450 to £124,000, Mr. C. R. Randall, the chairman, reported that there was a drastic loss of profit in both the merchant and retail areas of the business in the second quarter, and severe disruption arising from the closure of a factory had caused a trading loss at Randalls Fabrications.

For the year extraordinary debits were £728,624 (£21,111) and took the overall loss to £1.03m (£285,244 profit) after taking account of a tax credit of £22,115 (£388,674 charge) and minority interests of £18,778 (£25,138).

Mr Randall says that so far this year progress has been satisfactory and he is reasonably confident the group will make a good recovery over the year.

With the final omitted, the dividend total stands at 1.452p net per 25p share compared with 4.6328p.

RESULTS AND ACCOUNTS IN BRIEF

ATKINS BROTHERS (HOSIERY)—Results for year ended March 31, 1978, reported June 7. Fixed assets £1.41m (£1.39m). Net current assets £2.05m (£1.85m). Increase in working capital £361,114 (£135,424). Company continues policy of re-equipping and reorganising where necessary. Gradual expansion continues and chairman is confident in company's ability to hold or improve position. Meeting, Hinckley, July 13, at noon.

JOHN BEALES ASSOCIATED COMPANIES—Results to March 19, 1978 reported May 18. Fixed assets £2.41m (£2.35m), net current assets £4.46m (£3.82m). £767,000 (£649,000) increase in working capital. Upturn in offtake gives grounds for confidence if it is sustained. Meeting, Nottingham, July 14, at noon.

CHARTER CONSOLIDATED—Results for year to March 31 1978, already known. Fixed assets £83.79m (£54.2m). Net current assets £39.98m (£37.68m). Investments £190.82m (£193.97m). Meeting, Winchester House, EC, on July 19, at noon.

ENGLISH AND INTERNATIONAL TRUST—Results, year to April 5, 1978, already known. Listed UK investments £8.55m (£7.07m), elsewhere £3.99m (£4.35m). Unlisted, in equity £125,029 (£135,905), in other investments £8,030 (£7,160). Net current assets £1.35m (£0.7m). Directors have decided to retain substantial degree of overseas investment and this policy will be continued during coming year. At May 21, Prudential Assurance Company held 9.63 per cent of equity, Drayton Premier Investment Trust 6.81 per cent and Drayton Consolidated Trust 6.83 per cent. Meeting, 117, Old Broad Street, EC, July 14, at 3.30 pm.

ESTATES AND AGENCY HOLDINGS—Turnover—net rents receivable—for 1977 £115,304 (£59,282). Profit £46,097 (£42,358) before tax £28,320 (£25,437). Surplus on sale of freehold property £8,436 (£2,768). From minorities £3,324 (nil). Net profit £31,497 (£21,793), retained £15,923 (£9,965). Earnings per 25p share 0.09p (0.77p). Dividend 0.45373p (0.4125p) net.

PROGRESSIVE SECURITIES INVESTMENT—Results for year to March 31, 1978 already known. Investments £1.96m (£2.04m). Unrealised deficit on cost of investments at March 31, 1978 £176,091 (£141,110). At year-end, net assets £1.98m (£2.06m) (92.8p per share) against £2.06m (92.8p). Trustees for Roman Catholic Purposes Registered and Sun Life Assurance hold 22.37 per cent and 8.92 per cent of shares. Meeting, 8, Moorgate Place, EC, July 12, at noon.

SANDHURST MARKETING—Accounting date to be changed from June 30 to January 31 after June 30, 1978, when a seven-month period will end on January 31 1979. Change found necessary because it is difficult to staff effectively in July and August for a combination of stocktaking and other end-of-year work in addition to the normal day to day running of an efficient organisation.

VIEW FORTH INVESTMENT TRUST—Results for year to March 31 reported June 6. Quoted investments on British Stock Exchanges £1.97m (£1.31m), quoted on other exchanges £0.37m (£0.46m), unquoted, at directors' valuation £41,039 (£2,000). Current assets £120,137 (£218,284), liabilities £71,329 (£92,076). London and Manchester Assurance Company holds 18.78 per cent of the equity. Meeting, Edinburgh on July 13 at 10.15 a.m.

BANK RETURN

	Wednesday June 21 1978	Inc. + or Dec. − for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	24,399,404	+ 969,270
Special Deposits	664,170,000	− 574,200,000
Bankers	333,352,873	− 76,780,800
Reserves & Other Accs	580,519,376	− 9,955,559
	1,674,274,650	− 741,387,089
ASSETS		
Govt. Securities	1,045,481,032	− 563,079,999
Advances & Other Accs	401,335,850	− 201,742,891
Premises, Equip't & other Secs	211,010,965	− 42,560,729
Notes	16,875,171	− 12,207,034
Coin	144,666	− 20,184
	1,674,274,650	− 741,387,089
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,175,000,000	+ 25,000,000
In Circulation	8,158,324,829	+ 37,207,034
In Bank'g Dept	16,675,171	− 12,207,034
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs	7,234,431,432	+ 630,401,065
Other Securities	929,553,467	− 606,401,065
	8,175,000,000	+ 25,000,000

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Zenith fights RCA for market share

BY JOHN WYLES

NEW YORK, June 22.

A HEAD-TO-HEAD battle for market share with RCA Corporation is posing as great a problem for Zenith Radio Corporation, the leading U.S. television manufacturer, as competition from foreign imports of colour television sets.

Although Zenith is clearly unhappy at having lost yesterday's Supreme Court ruling against levying countervailing duties on Japanese colour sets, its most immediate preoccupation is the impact on its profitability of a price war with RCA. Zenith expects some of this pressure to ease later in the year, when it starts to enjoy the benefits expected from switching production from Chicago to Mexico, but in the meantime it is struggling with the difficulties of having lost price leadership to RCA.

This is a result of a radical cost-cutting programme introduced by RCA, which has redesigned its colour television range, eliminated some materials and standardised more of its production. Since it is already producing offshore, RCA also has the advantage of cheaper labour costs than Zenith, which is only just starting to build up its production in Mexico. Recent figures suggest that Zenith will be saving up to $10,000 a year in average labour costs per employee.

Mr. Mark Hassenberg, an analyst with Oppenheimer and Co., says that RCA ought to have helped raise the industry's profitability instead of passing on virtually all of its production savings to the consumer. But most analysts agree that RCA is bent on toppling Zenith from its perch as the U.S. industry's largest producer of colour sets, and latest figures suggest that, with a little help from imported brands, it may be close to doing just that.

COLOUR TELEVISION MARKET SHARE

	June 1978	July 1977
	%	%
Zenith	21.15	22.0
RCA	20.0	20.0
Sears	8.55	9.0
Magnavox	7.0	7.0
Sony	6.9	7.5
GE	6.5	6.0
Quasar	5.3	5.0
Sylvania	3.5	4.0

According to the trade magazine Television Digest, RCA had a 20 per cent share of the colour television market in the first four months of this year, compared with Zenith's 21.1 per cent. Last year, Zenith had a 2 per cent lead and the year before 3 per cent.

RCA's battle with Zenith has been greatly helped by the fact that the strength of colour television demand is confounding both the industry and its analysts.

While last year's total colour sales of 9.1m were the second best ever, sales so far this year have been at an annual rate of 10.6m, which is 1.3m more than the peak achieved in 1973. This volume has helped prevent a total erosion of Zenith's margins, but the company still only managed a net profit of $1.1m in the first quarter of this year compared with $6m in the same period last year. RCA, which is a diversified conglomerate, does not publish separate profit figures for its television manufacturing subsidiary.

The surprising strength of consumer demand, at a time when consumer confidence is said to be falling and consumer debt running at record levels, raises some doubts about whether sales volume will continue at its current pace. If it does decline markedly in the second half of the year, then the domestic U.S. producers may again be clamouring for relief from low priced imports.

This is because colour imports up to the end of April were running 24.7 per cent ahead of last year, despite an orderly market agreement limiting Japanese exports to the U.S. to 1.75m a year for three years. The industry claims that some Japanese producers have stepped up sales from South Korean and Taiwanese subsidiaries in order to evade the quota imposed by the agreement, which came into effect last July.

Colour television imports from Taiwan have risen 326.6 per cent in the first four months of the year, and 155.4 per cent from Korea. However, analysts expect that the yen's recent strong appreciation against the dollar will force Japanese companies and producers in Taiwan and South Korea dependent on Japanese components to raise their prices significantly.

In April, imports from Japan were higher than the year before for the first time since the marketing agreement went into effect.

Leeds and Northrup stake sold

By Our Own Correspondent

NEW YORK, June 22.

JUST WHEN it seemed that the complicated skein of shared ownerships involving Tyco Laboratories, Cutler-Hammer and Leeds and Northrup was about to be unravelled, Cutler-Hammer announced today that it had sold for a handsome profit its 33.5 per cent stake in Leeds and Northrup.

The purchaser, for $52.07m, is General Signal, a Connecticut-based producer of electronic and hydraulic control systems. The loser may well be Tyco Laboratories, which sold its 32 per cent holding in Cutler-Hammer to Eaton Corporation 10 days ago in an agreement which stipulated that if Eaton took full control of Cutler-Hammer, it would sell that company's Leeds and Northrup holding to Tyco.

It can be assumed that Leeds and Northrup, a Philadelphia electronics company, is not unhappy with the sale, since it had an agreement with Cutler-Hammer which gave it substantial delaying powers over any disposal of its stock. The company has made no secret of its anxieties about the future should Eaton Corporation eventually acquire full ownership of Cutler-Hammer, as it is expected to do.

Cutler-Hammer, which also manufactures electronic control systems, revealed late today that it had purchased its Leeds and Northrup holdings over the past year and a-half for $30.4m and had sold the entire block of close to 1.4m shares for $40 a share. It said that the transaction would result in recoverable after tax profits of $9.5m.

None of the companies were commenting on this surprise development this evening. Tyco had built up its stake in Cutler-Hammer after the latter company had thwarted Tyco's attempt early last year to acquire Leeds and Northrup.

Ruhrgas expects BP link to widen areas of supply

BY ADRIAN DICKS

ESSEN, June 22.

RUHRGAS, West Germany's biggest importer and distributor of natural gas, does not expect any change in its commercial policies as a result of BP's acquisition of a 25 per cent shareholding, chairman Herr Klaus Liesen, said here today.

Herr Liesen also made clear that there is no immediate prospect that BP will become a supplier of gas to Ruhrgas, though he said there were increased chances that the German company would gain access to fresh international sources as a result of the new relationship. However, he declined to specify which BP interests might prove suitable, and stressed that as in the past, Ruhrgas would only consider gas deliveries from its shareholder companies on the same terms as those from other sources.

For the time being, Herr Liesen said, Ruhrgas is well supplied as a result of its existing long-term agreements with, among others, the Netherlands, the Soviet Union, Norway and Iran. Out of the 64 per cent of the company's 1977 gas purchases that came from outside West Germany itself, the first three countries delivered 40 per cent, 20 per cent and 4 per cent respectively.

In addition, Ruhrgas has a supply agreement, together with Salzgitter and with the Dutch Gas Union for deliveries of liquid natural gas from Algeria—though this is expected to be substantially more expensive. All in all, however, Ruhrgas can now claim that a little more than half of the roughly 100m tonnes of coal equivalent which West Germany will need from the gas industry in the year 2000 is assured through long-term contracts already concluded.

Last year, Ruhrgas increased sales from DM [illegible] to DM [illegible], while profits rose from DM 106m to DM 125m. Of this sum, DM 59m was transferred to reserves and DM [illegible] distributed to shareholders, compared to DM 55m last year.

Statoil loss below forecast

BY WILLIAM DULLFORCE

STOCKHOLM, June 22.

STATOIL, the Norwegian state oil company, made a loss of NKr 112m ($20.5m) last year. This was less than budgeted and NKr 22m less than the loss made in 1976. Sales amounted to just under NKr 1.7bn ($312m), showing a growth of around 30 per cent. The company, which came into business five years ago, is still investing heavily and does not expect to turn in a profit before 1981.

Statoil disposed of about 1.5m tonnes of State royalty oil from the Ekofisk Field last year, while the start-up of gas deliveries from the Frigg Field to St. Fergus represented the first production from a field in which Statoil has an ownership interest. By the middle of the 1980s, however, the company expects to have an annual crude oil supply of 12-14m tonnes from the Statfjord Field.

During 1977 the company invested some NKr 1.7bn, of which 1.1bn went to the Statfjord Field, where the first platform is scheduled to start producing next year. A further investment of NKr 430m was made in the petrochemical plant at Bamble.

Statoil's share capital was increased last year by Kr 300m to Kr 1.85bn and the Norwegian parliament has approved a further increase of Kr [illegible] this year. Long-term borrowing grew by Kr 1.47bn in 1977, of which Kr 1.1bn represented new loans from the State, making a total from that source of just over Kr 2bn by the end of the year.

Other long-term debt includes Kr 681m in bank and mortgage loans and Kr 457m in financing contributed by Statoil's partners in the Heimdal and Frigg Fields. In December the Norwegian parliament decided that Statoil should raise its own loans abroad during 1978 to cover its borrowing requirements. Parliament authorised State guarantees of up to Kr 2bn for this purpose.

Corco profit for May

SAN ANTONIO, June 22.

A MEETING of creditors of Commonwealth Oil Refining Company (CORCO) was told that unaudited net earnings for May were $1.7m or 10 cents a share after an extraordinary credit of $378,000 or 2 cents a share. May revenues amounted to $97.5m.

Commonwealth Oil said the figures, which were subject to adjustment, include about $850,000 of amounts previously accrued but now added to income as a result of the recent Court-authorised rejection of several marine charter agreements.

However, the figures do not include amounts the company expects to recover from business interruption insurance covering losses resulting from a major fire and explosion on February 19.

CORCO has petitioned a court for authority to settle insurance claims for business interruption losses in March for $2.1m and expects to recover additional amounts for later periods. The company also petitioned the court for authority to accept $169,171 in settlement of property damage losses caused by the February accident.

AP-DJ

Sales growth slowing at IBM

BY OUR OWN CORRESPONDENT

NEW YORK, June 22.

A SLOWDOWN in the recently high rate of growth of sales revenues means that IBM's quarter to quarter earnings comparisons will be less "ebullient" this year than they were in 1977, says the company's chairman Mr. Frank Cary.

During the last two years, IBM customers have shown a much greater inclination to purchase rather than rent the company's data processing equipment, with the result that product sales have leaped by 56 per cent and rental revenues less than 12 per cent.

Although rentals are reckoned to be more profitable to the company in the long term, surging sales have clearly had a more immediate effect on the company's balance sheet and helped account for the 15 per cent increase in earnings per share in 1977.

The slowdown in sales became evident in the first quarter of this year when earnings per share rose only 5 per cent. In an interview with the Dow Jones news agency, Mr. Cary offered no explanation for the anticipated decline in sales growth this year but he did say that he did not expect sales revenues to fall out of the 26 per cent to 42 per cent of gross revenues bracket that has existed since 1968.

Peak income at Beatrice Foods

CHICAGO, June 22.

AMERICA'S largest producer, Beatrice Foods, reports net income for the first quarter ended May 31 of $62.19m or 65 cents a share fully diluted compared with $56.51m or 59 cents a year ago. The figure, an increase of 10 per cent on last year's level, is the highest for any quarter in the company's history.

Beatrice said that the increase was attributable to particularly strong performances by its grocery, confectionery and snack and food distribution and warehousing units.

Both the institutional and industrial and the chemical and allied products units also showed excellent gains, the company said.

Sales revenues moved ahead from $1.51bn to $1.69bn. Figures for the previous year's first quarter have been restated to include companies acquired up to May 31.

Agencies

Woolworth hopeful for second quarter

NEW YORK, June 22.

THE MULTIPLE store trader F. W. Woolworth expects domestic earnings to show a recovery in the second quarter, the chairman, Mr. Edward F. Gibbons, told the annual meeting, reports Reuter from New York.

Some portion of the improvement may reflect recovery of consumer purchases postponed from the first quarter. In the first quarter, Woolworth earned 32 cents per share compared with 21 cents in the 1977 first quarter.

Mr. Gibbons did not regard this increase as completely satisfactory, noting that domestic earnings were down and that the improvement came from foreign subsidiaries.

He attributed the decline in domestic earnings during the first quarter to starting up new customer credit arrangements.

Gross margins in the stores have been corrected after a troublesome period in the first half of last year.

Woolworth plans to open 13 stores and 20 Woolco outlets in the U.S. this year.

Meanwhile, Robert Gibbens reports from Montreal that the national catalogue retailer, Consumers Distributing Company plans to buy the catalogue showroom business of May Department Store in the U.S. in exchange for Consumers common stock.

Consumers would issue between 1.5m and 1.6m Treasury shares to May which operates 70 catalogue stores in the U.S. at present. These stores reported total sales last year of almost U.S.$100m.

Increase in Petro-Canada's budget

OTTAWA, June 22.

THE Federal Government approved an increase in Petro-Canada's 1978 capital budget to C$820m from C$307m as part of the preparations for the Government-owned oil company's planned takeover of Husky Oil.

Most of the additional C$512.8m will go towards development and most, but not all, of the funds are to be arranged through additional debt financing.

Only C$484m in new funds are to be raised by debt financing, for a revised total of C$504m, it said.

The Petro-Canada budget also would require the issuance of C$205m in new common shares from the Federal Government and C$64.5m in preferred shares.

Other changes include a reduction by C$40m to C$100m in the funds to be used for exploration, an increase in the contribution for the polar gas pipeline consortium of C$700,000 to C$2.2m and a rise in the Syncrude Canada investment by C$12.6m, to C$64.5m.

Petro-Canada raised its interest in Panarctic Oils to 48 per cent from 45 per cent following Panarctic's latest financing issue.

Petro-Canada contributed C$ 9.2m to purchase 736,432 units of Panarctic at a price of C$ 12.50 a unit. Each unit consists of one common share and two warrants.

The second, third and fourth largest industry shareholders of Panarctic—Cominco, Inco and Noranda Mines—declined to subscribe for any units.

Industry observers said the three mining companies did not participate because of limited cash resulting from general economic problems in the mining industry.

Panarctic plans to use the C$ 12m raised from the sale of 960,000 units to help finance its exploration programme in the Arctic Islands through January when another sale of units slated to raise an additional C$ 17m is planned. Petro-Canada plans to guarantee and second financing by purchasing more than its allotment if necessary.

Agencies

Premier dividend

VANCOUVER, June 22.

PREMIER CABLEVISION said the Toronto Stock Exchange incorrectly and improperly reported that the company was omitting a dividend payable in May, and also incorrectly stated that the omission was due to anti-inflation board rulings.

Mr. Stuart H. Wallace, president of Premier, said: "No dividend was payable in or even contemplated for May, 1978" and added that Premier "has never established a semi-annual dividend policy." The company "could not pay a dividend in May even if it wanted to and this point was expressed" to the Toronto Exchange.

He said that the earliest date that Premier could declare or pay a dividend under AIB Dividend Compliance Period rules is October this year. He indicated that Premier may establish a semi-annual payment policy at that time but declined to comment on a possible rate.

The last dividend was 24 cents in November, 1977, the maximum allowed by the AIB. Prior to that, the company paid 20 cents in May, 1977 and 17.5 cents in an initial payment in November, 1976.

AP-DJ

Dean Witter upturn

Dean Witter Reynolds, the brokerage house, reported net earnings for the third quarter of 92 cents a share vs 62 cents. Total net of $7.4m increased from $3m, while revenue of $127.2m compared with $60.2m, reports AP-DJ from New York. For the nine months to date, net earnings of $10.4m or $1.56 compare with $9.9m or $2.06. Revenue of $268.5m increased from $176.7m.

Molson disposal

Molson Companies, the major brewing, industrial and construction products group, is selling its Vilas furniture division to a Quebec-based group of furniture manufacturers, Norca Management, Robert Gibbons writes from Montreal. Vilas has three plants in Quebec and is a leading name in colonial-style products.

However, the business cycle has been depressed for two years and much of the industry is non-profitable.

Cara well ahead

Cara Operations, the airline and general caterer, earned C$ 1m in the fourth quarter ended March 31 against C$ 557,106 a year earlier, equal to 57 cents a share against 30 cents writes Robert Gibbons. The earnings for the full year were C$ 4.8m or C$ 2.56 a share against C$ 3.1m or C$ 1.67, excluding extraordinary items.

FMC optimistic

FMC Corporation expects second quarter and full year net income to be greater than a year ago, Mr. Robert H. Malott, chairman and chief executive, said in Los Angeles today, reports AP-DJ. Last year's second quarter net income was $38.7m, or $1.17 a share. Net income for the whole of 1977 totalled $120.6m, or $3.60 a share on sales of $2.29bn. The chairman added that FMC had a record $1.6bn order backlog at May 31 and that group capital expenditures will average $200m a year over the next five years, against $150m a year over the last five.

Rhone-Poulenc cuts loss

BY DAVID CURRY

PARIS, June 22.

OPERATING losses at the chemical fibre subsidiary of Rhone-Poulenc have been significantly reduced during the six months since the announcement of a drastic reorganisation in a sector which has produced FFr 2bn in losses over three years.

M. Jean Gandois, group second-in-command and heir apparent to chairman M. Renaud Gillet estimated that losses were FFr 20m a month lower than in the final quarter of last year and were running some FFr 15-18m a month less than the 1977 average.

However, he held out no hope of a return to profitability for Rhone-Poulenc Textile until the present investments started to bear fruit in 1980-81.

Last year the textile operations lost FFr 700m but the group as a whole managed to climb out of the red. A group deficit of FFr 364m in 1976 was turned into a profit of FFr 84m ($18.2m) in 1977.

So far this year, some FFr260m of investment has been committed to nylon and polyester, where new spending is being concentrated, and a further FFr 200m will be committed in the third quarter concentrated at Arras, Gauchy and Valence. The workforce has also fallen by some 731, meaning that the target figure of 1,250 cuts in jobs this year is within reach.

The aim is to shed 7,000 jobs by 1981. The company reckons that 5,000 of these can be achieved by retirements, early retirements and transfers while the remaining 2,000 will have to be offered new jobs on former textile sites.

The improvement in the company's fortunes is not entirely due to its own efforts, M. Gandois said, that the international climate had improved because of the more restrictive bilateral deal being imposed by the EEC Commission governing imports in the light of the renegotiation of the Multifibre agreement.

In addition, European chemical fibre makers had agreed to reduce capacity by 20 per cent to 1981 and had fixed production quotas.

MEDIUM-TERM CREDITS

Spanish $50m smelter loan

By Mary Campbell

ALUMINIO Español is raising $50m for seven years from international banks to help finance a new aluminium smelter in Galicia. The smelter will have an initial capacity of 180,000 tonnes.

The loan is being arranged by Banco de Bilbao and Citicorp. It offers a margin over inter-bank rates of one percentage point.

Aluminio Español is a company set up for the purpose of the new smelter. It is 73 per cent owned by Endasa, the Spanish state aluminium company, and 27 per cent by Aluminio de Galicia. The two parent companies are severally guaranteeing the $50m loan.

Endasa is in turn owned by the Spanish state holding company INI (54 per cent), Alcan (25 per cent) and Banco de Bilbao (12 per cent).

About half the $50m loan is expected to be sold to banks generally.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96½	97¼
AMEV 8pc 1987	95½	96
Australia 8½pc 1992	92¾	93½
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8¾pc 1992	94½	95½
Bowater 9½pc 1992	96½	97½
Can. N. Railway 8¾pc 1986	94½	95½
Credit National 8¾pc 1986	95½	96½
Denmark 8¾pc 1984	97½	98½
ECS 9pc 1993	98½	99½
ECS 8¾pc 1997	93¾	94½
EIB 8¾pc 1992	97½	98
EMI 9½pc 1989	97½	98½
Ericsson 8¾pc 1989	95½	96½
Esso 8pc 1986 Nov.	99½	100½
Gt. Lakes Paper 8¾pc 1984	97	97¾
Hamersley 9½pc 1992	99¾	100¼
Hydro Quebec 9pc 1992	94½	95
ICI 8¾pc 1987	96	96½
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	94½	95
Massey Ferguson 9¼pc '91	98	99
Michelin 9¼pc 1988	100½	101
Midland Int. Fin. 8¾pc '92	94½	95½
National Coal Bd. 8pc 1987	93	93¾
National Wstmnstr. 9pc '86	99½	100
Natl. Wstmnstr. 9pc '86 'B'	99½	100
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bk. 8¾pc 1988	96½	97½
Norges Kom. Bk. 8¾pc 1992	93½	94
Norpipe 8¾pc 1989	95	95½
Norsk Hydro 8¾pc 1992	95	95½
Oslo 9pc 1988	98½	99½

	Bid	Offer
Ports Autonomes 9pc 1991	97½	98½
Prov. Quebec 9pc 1995	93½	94
Prov. Saskatchwn. 8¾pc '86	97¾	98½
Reed International 9pc 1987	93½	94½
RHM 9pc 1992	92¾	93½
Selection Trust 8¾pc 1989	90½	91½
Skand. Enskilda 9pc 1991	97½	98
SKF 8pc 1987	91¾	92½
Sweden (K'dom) 8¾pc 1987	94	94½
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	93	93½
NOTES		
Australia 7¾pc 1984	93½	94½
Bell Canada 7¾pc 1987	95½	96½
Br. Columbia Hyd. 7¾pc '85	92½	93
Can. Pac. 8¾pc 1984	97	97½
Dow Chemical 8pc 1986	98½	99
ECS 7¾pc 1982	94½	95½
ECS 8¾pc 1989	94	94½
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	92½	93
Enso Gutzeit 8¾pc 1984	96½	97
Gotaverken 7¾pc 1982	95½	96½
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	98½	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8¾pc '83	99½	100
New Zealand 8¾pc 1986	95½	96½
Nordic Inv. Bk. 7¾pc 1984	94½	95
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	94½	95½
Ontario Hydro 8pc 1987	93½	94

	Bid	Offer
Singer 8¾pc 1982	99½	100½
S. of Scot. Elec. 8¾pc 1981	98½	99
Sweden (K'dom) 7¾pc 1982	95	95½
Swedish State Co. 7¾pc '82	95½	96½
Telmex 9½pc 1984	96½	97½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	93½	94
STERLING BONDS		
Allied Breweries 10¾pc '90	87½	88½
Citicorp 10pc 1993	90½	91½
Courtaulds 9½pc 1989	88½	89½
ECS 9¾pc 1989	94½	95½
EIB 9¾pc 1988	94½	95½
EIB 9¾pc 1992	92½	93½
Finance for Ind. 9¾pc 1987	93½	94½
Finance for Ind. 10pc 1989	91½	92½
Fisons 10¾pc 1987	94½	95½
Gestetner 11pc 1988	90½	91½
INA 10pc 1988	90½	91½
Rowntree 10¾pc 1988	87½	88½
Sears 10¾pc 1988	89½	90½
Total Oil 9½pc 1984	90	91
DM BONDS		
Asian Dev. Bank 5¾pc 1988	96½	97½
BNDE 6¾pc 1986	96½	97½
Canada 4¾pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	99½	100½
Deutsche Bank 4¾pc 1983	97½	98½
ECS 5¾pc 1990	94½	95½
EIB 5¾pc 1990	94½	95½
Elf Aquitaine 5¾pc 1988	94½	95½

Source: White Weld Securities London.

Turkey's car makers change gear

"Once you plant the automotive virus in a country everyone catches the fever," says M. Maurice Fertey, the French head of the Oyak-Renault business in Turkey. His words could stand as a statement of the principle behind the increasing efforts which are being made by western Europe's motor manufacturers to put down roots in the developing world. These are the areas where the 8 per cent growth rates which swept through the European industry like a bush fire 20 years ago can be recaptured.

The change of emphasis in world vehicle production has already, in effect, taken place. Since 1970, the largest percentage gains in world output have been made outside the traditional manufacturing areas. The eastern bloc (114 per cent up in the seven years), Latin America (up 70 per cent) and Spain (up 113 per cent), stand out as regions which have all made significant advances in this period. During the next 10 years, still more new territories will become forces to be reckoned with, as production is expanded in countries like Iran, South Korea and Turkey. And they will probably be followed by African states.

The attraction of the developing world does, however, carry dangers. In Turkey, for example, motor manufacturing in the past few months has been undermined by the foreign exchange crisis. This has meant that European partners have no assurance of being able to repatriate payments for supplies and services. Manufacturers also have to face higher costs, political uncertainties, and trading climates in which semi-political considerations play a big part. In South America, for example, producers have to buy virtually everything locally, whatever the price; and in Eastern Europe, governments often insist on buy-back clauses which mean that the western partner has to promise a certain market.

Nevertheless, the western Europeans are still driving ahead towards manufacturing projects with overseas partners. Within the past few days, for example, Citroen has announced a deal to set up a new transaxle plant in East Germany, and Renault to double its output in Romania. Fiat and Renault are also negotiating for a new plant in Algeria.

● THE TOP management of Oyak-Renault, the largest car manufacturer in Turkey, is today facing a characteristic dilemma of vehicle companies in the developing world. It wants to expand. The market, it believes, is there, and the skills to back up a fairly large-scale development are on hand. But the financial position of the country makes it difficult for Renault, which has 44 per cent of the joint company, to go ahead with any confidence that it will be able to repatriate adequate dividends to France over the short term.

Turkey's balance of payments problems blew up in their present form after the oil crisis. They are now so serious that they are threatening to bring the process of industrialisation, which depends critically on importing foreign technical skills, advice and manufacturing goods, to a shuddering halt. Several West European exporters to the country have stopped supplying products like engines and tools because they cannot be assured of payment in hard currency.

So far, Oyak-Renault has avoided the worst of these difficulties. While the rival Tofas company, run by Fiat, has cut back production this year, Oyak's output has gone up, and work on expanding capacity with a big new paint plant is continuing. The ability to continue on an even course has depended partly on Renault's own financial strength, the fact that it has made good profits out of Oyak in the past, and some trading deals by which Renault has taken payment in kind.

The question now is what happens to the plans for further growth. Renault has, in fact, already drawn up a detailed programme for expanding the present capacity of about 40,000 of the R12 model, a year to between 80,000 and 100,000, while introducing its new car, the R18, at the same time. The idea is to present this plan formally by the end of this year, but in the meantime, Renault is manoeuvring to get assurances on safeguarding its investment. It wants, says M. Maurice Fertey, the French director general of the company, an agreement on the repatriation of profits, the abolition of price controls, and concessions on royalties and management fees. Everyone at Oyak-Renault seems confident that these concessions will be forthcoming in the longer term.

The company will, however, have to change its marketing direction significantly towards export sales. The Government has already indicated that an export target of about 5,000 vehicles a year must be part of any development plan, on the grounds that the overseas earnings are needed to balance the import of equipment needed for expansion.

"Our crisis is not caused by inflation or lack of growth, as those in Italy or the UK," says one of Oyak's senior Turkish executives. "It is simply that all of our manufacturing effort in the last seven years has gone into import substitution in Turkey, rather than exports. We now need to earn more overseas to pay for what we are buying."

With most of the rest of the world's motor industry preaching a similar export message, the idea will obviously not be easy to follow through. But Oyak is hoping that it will be able to find markets in North Africa, the Sudan and the Middle East. Despite the tentative moves Turkey has made towards union with the Common Market (trade with the EEC has expanded considerably in the last few years), the company believes that there is plenty of scope in the vehicle industry for developing trading relations within the immediate geographical surroundings.

On the cost and labour side, at least, Oyak-Renault seems reasonably placed to exploit its position. The local labour force adapts easily to making motor vehicles (any of the West German manufacturers, which are so dependent on Turkish labour, will vouch for that), the unionised labour force sticks to its two-year contracts, and labour costs are about a third of the Western European rate.

Productivity is also high. Oyak-Renault produces 40,000 cars with a workforce of 3,100, giving an annual output per man of 12.9 cars, which is twice as high as some UK plants and as good as many in France. More of the product is made outside the plant than in European works, but there is still great scope in increasing productivity by improving mechanisation, even if working hours are brought down from their present 48 hours a week.

For the Turks, these improvements will be all part of the process of industrialisation. For Renault, it will fit into a grand strategy of internationalising the company which has been visibly pushed ahead in the past few years.

The French company, now the biggest exporter in Europe with 1m vehicles last year, is also rapidly building up its overseas interests. Turkey is just one of a range of projects which extend through a plant in Romania (now being doubled in size to 80,000 units a year), Mexico (where investment is also being increased) and the U.S. (a deal with American Motors to assemble and distribute cars locally). These are all investments which challenge the American approach of total ownership and control of overseas subsidiaries. If the concept works out, they will set Renault clearly on the path to becoming a multinational.

TERRY DODSWORTH

● CARS ARE in great demand in Turkey. To buy a Fiat from the Tofas factory in Bursa, the former Ottoman capital 100 miles south of Istanbul, one has to wait for between six and 12 months. There is a similar waiting period for Renaults and Anadols, the two other locally manufactured cars. It was therefore something of a surprise to discover about 2,000 Fiats, representing 40 days of output at the current production rate, sitting around the Tofas factory under the hot sun. From the dust and mud which covered most of them it was apparent that they had been sitting there for several days.

"They are not completely finished," explained a factory executive. "Some don't have rear-view mirrors, some flashers and some dashboards. We are short of spare parts."

The Fiat 131, which is marketed under the brand name Murat in Turkey, is about 85 per cent locally made, with the remainder of the more complicated components coming from Italy.

Until last year the six-year-old plant had no spare parts supply problem. From an initial 8,000 vehicles a year its output went up to a peak 30,000 in 1975 when it switched to the bigger 131 type from the original Fiat 124 model. The executives were hoping that the switch to a plushier model would be the beginning of a period of expansion encouraged by strong demand.

Last year, however, they were obliged to lay off 500 workers and cut down production by a third to 20,000 vehicles. They consider themselves lucky to have remained in business.

What came close to crippling the Bursa factory was the foreign currency famine which hurt almost every other industry in 1977, the worse economic year the country experienced. Starved of foreign currency in February 1977, the central bank stopped all but import transfers for emergency goods. Since car spare parts from Italy did not come under this category, Tofas could limp along only with spare parts supplied on credit.

Tofas, short for the Turkish Automobile Factory, which is capitalised at around $18m, owes Fiat of Italy $16m from last year and is in need of $26m worth of imported components to be able to function at full capacity this year.

The biggest of Tofas's shareholders is Fiat of Italy which holds 41.50 per cent of equity. A state-owned industry concern and bank about 22 per cent each and Koc holding, the biggest private industry concern in Turkey, 22.50.

Koc co-operates widely with Fiat in many other automotive activities and the company set out to convince Fiat of the advantages of continuing to supply spare parts on credit. The parent company, worried about the general economic situation in Turkey, had stopped supplies. Earlier this month a high-powered delegation from the Istanbul-based group, including its president, Mr. Vehbi Koc, went to Italy for some tough bargaining. They came back with a credit facility of around $30m.

"We told Fiat that if they left us out in the cold in our most difficult time we would do the same to them when better days came," said a Koc executive. "We reminded them that when they came to us in 1953 to offer co-operation they made $100,000 a year in Turkey. In the last five years they have made something like $330m."

Tofas executives are now confident thta they will continue to have spare parts for a good part of this year operating at around 50 to 60 per cent of full capacity.

For the future, Tofas may face problems on the labour front, the only input in which Turkey has a price advantage over Europe. Statistics show that the advantage margin is quickly eroding. At Tofas the average per hour gross wage has more than doubled between 1976 and 1978 to TL52 (two dollars), and further increases are on the way.

But on the prices front, which has caused a great deal of trouble in recent years because of Government controls, the car manufacturers have now won some liberalisation. Under a new agreement they can put up prices in relation to cost, while limiting them to a 9 per cent profit margin on the basis of industrial costs. Consequently a very much relieved Tofas has been able to put up the price of its Murats from TL 125,000 ($5,000) to TL 200,000 ($8,000).

This should, the company hopes, help it to break out of the spiral of declining results in recent years. After a loss of TL 44m ($2.2m) in 1976, and TL 17m in 1977, it is hoping to be back in profits this year.

METIN MUNIR

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Merger proposed by two major Dutch contractors

BY CHARLES BATCHELOR

AMSTERDAM, June 22.

TWO DUTCH construction companies, Stevin Group and Royal Adriaan Volker, are considering a merger which would result in the third largest construction company in Europe.

The companies, which in the past have been involved in many joint ventures all over the world, had a combined net income last year of some $32m. Their combined sales in 1977 were $1.26bn, while year-end order books totalled $1.67bn.

The first round of talks has been completed. The two companies' combined workforce is 22,000. Initial talks have been held with the unions and the works councils. In accordance with the Dutch merger code, the Social Economic Council and the Economics Ministry have been informed.

Stevin expects turnover to be little changed this year. The company took on its present form through the merger of several building groups in 1971-1973. Stevin's largest shareholder, the Dutch businessman Mr. Pieter Heerema, was informed yesterday of the merger plan and the company has the impression his reaction was positive, a Stevin official said. Mr. Heerema, who surprised the company in February with the disclosure of a 42 per cent shareholding, has not been involved in the discussions.

Volker, which only came to the Amsterdam stock market in April is the smallest but perhaps most profitable of the major Dutch contractors. It expects to at least maintain profits in the current year. The company has been particularly active in seeking new partners and is currently holding talks with HVA, a group with interests in consultancy and agro-industrial projects. These talks, aimed at a possible integration of some activities, are unaffected by today's announcement, Volker said.

HVA is still adjusting to the nationalisation of its extensive operations in Ethiopia three years ago.

The form of the merger between Stevin and Volker has not yet been decided, but the intention is to leave both companies with an equal status. While Volker's talks with HVA are formally aimed at "the integration of parts" of their operations a complete merger is not excluded.

The shares of both Volker and Stevin, suspended on the Amsterdam Stock Exchange today, are expected to be requoted tomorrow.

Small rise in profit at Shell Australia

By James Forth

SYDNEY, June 22.

SHELL AUSTRALIA, Dutch-owned and the largest producer and distributor of petroleum products in the country, lifted earnings only 3 per cent, from A$52.5m to A$54.1m (U.S.$61.9m) in 1977. The profit improvement lagged behind sales, which rose 17.6 per cent from A$813m to A$956m (U.S.$1.09bn).

The return on shareholders' funds fell slightly, from 10.9 to 10.7 per cent, reflecting the higher capital investment made during the period, a large proportion of which did not generate income in 1977.

In the previous year earnings rose A$15m. However, the chairman, Mr. L. T. Froggatt warned in July last year that industrial disputes and plant breakdowns in the last quarter of 1976 had led to shortfalls in production. These had had to be met by high costs imports, and would affect the results in the first quarter of 1977.

The results of the main operating company, which supplies and markets Shell petroleum products, fell from A$44.1m to A$42m. But the directors considered that this sector of the group's business had enjoyed a successful year given the flatness of the economy and Government control on prices.

The directors pointed out that if current cost accounting had been adopted the group profit would show a rise of 46 per cent from A$22.3m to A$32.65m.

Earnings fall at Michelin

By Our Financial Staff

NET PROFITS a tenth lower on a rise of almost an eighth in sales are announced by Michelin. Group earnings have dipped to FFr 675m ($148m) for 1977 from FFr 754m with the company's tyre and rubber interests turning in net profits sharply lower at FFr 35.4m against FFr 115.4m.

Group turnover last year was FFr 18.1bn compared with FFr 16.3bn with cash flow emerging at FFr 2.37bn against FFr 2.42bn.

Cardo beats forecast

BY OUR OWN CORRESPONDENT

STOCKHOLM, June 22.

CARDO, the investment company which owns the Swedish sugar company, increased its earnings by 44 per cent during the financial year ending April 30. The preliminary figures show a pre-tax profit of SKr 187m ($40.7m) on a turnover of SKr 1.2bn ($260m), up by 14 per cent.

The Board proposes to pay a dividend of SKr 5.75 a share on the increased share capital, making a total payment of SKr 27.9m against SKr 24.3m the previous year. The corresponding dividend in 1976-77 was SKr 5.

The result is higher than the SKr 181m forecast at the eight-month stage. The improvement over 1976 derives from the sugar company, which benefited from a larger sugar beet harvest, a higher sugar content, increased output and larger exports.

Earnings of the Hilleshoeg seed company, which has been a steady profits earner for the group, dipped slightly due to higher seed costs and continuing investment in research and development.

Sharp falls in Eurodollar bond markets

BY MARY CAMPBELL

THE Eurodollar bond market fell very sharply yesterday while other sectors, although less badly hit, were also weak. The D-mark sector fell slightly under the impact of a second consecutive very weak day on the German domestic bond market. Sterling denominated Eurobonds were about 1½ points down.

Two new dollar issues were offered yesterday however, a $20m placement for the Danish Cement company F. L. Smidth and a $25m floating rate note for Arab International Bank.

The F. L. Smidth placement offers 9¼ per cent for ten years (average life 6.53). The coupon is payable semi-annually, apparently because that suits the borrower's cash flow. Chase Manhattan Ltd. is lead manager.

The $25m offering for Arab International Bank is for five years. The interest rate will be ¾ per cent above LIBOR or 6½ per cent, whichever is the higher. Managers are UBAF and Libyan Arab Foreign Bank. The latter owns a substantial minority of the Arab International Bank, with the rest being owned by Egyptian investors. There is a management group of some 15 banks.

The Deutsche Mark domestic market was weak for the second day running as the Federal Government tried to sell schuldscheine at rates somewhat above the market generally. This was interpreted to indicate that it is well below target on financing its deficit. Yesterday the Bundesbank bought some DM 200m of Federal government bonds following DM 160m of purchases on Wednesday to help support prices in the domestic market.

The Deutsche Mark foreign bond market was weak in these circumstances though by no means as weak as the domestic market.

Terms for Ito-Yokado's two-tranche issue on the New York bond market have now been fixed. The coupon on the $20m five-year notes has been set at 9¼ per cent and the issue price at 99¼ to yield 9.47 per cent by IABD standards.

The $50m of 15-year convertibles will carry a coupon of 5¾ per cent. The conversion price has been set at Y14.73, a premium of 9.1 per cent over yesterday's closing price for the stock of Y13.50. For the purposes of the issue the exchange rate has been set at Y213.5 per U.S. dollar.

In the yen market, the Industrialisation Fund of Finland has launched a Y5bn 12 year issue (average life 9.06 years) via Daiwa Securities. Coupon is 6.4 per cent and issue price 99.55. Further details of the calender of future issues are now available. Next month's issues will be augmented by a 12 year placement of Y10bn for Indonesia. In addition to the previously reported Y30bn for Electricité de France, there will be a Y30bn issue for Spain and a Y20bn issue for Pemex in September.

Reuter reports from Tokyo that these bring the total value of issues in the first half of the Japanese fiscal year (April-September) to Y58.2bn ($2.7bn) up from Y12bn in the same 1977 period.

A new floating rate certificate of deposit (FRCD) issue was launched yesterday in the Asian dollar market while the Industrial Bank of Japan has more than doubled the size of the issue it launched a week ago in London.

The new issue in Singapore is $15m for Overseas Union Bank. The three year issue will pay interest at a quarter of a point above Singapore inter-bank offered rate via Singapore Nomura Merchant Banking and Asian American Merchant Bank.

ISUZU MOTORS

Caution after a half-year surge

BY YOKO SHIBATA

TOKYO, June 22.

THE LATEST half-year results from Isuzu Motors, one of Japan's smaller truck and passenger car manufacturers and a 34.2 per cent-owned associate of General Motors of the U.S., are a good deal better than forecast. Current profits are Y3bn ahead of target and the net level Y2.5bn over for the business term ended last April. On the strength of brisk exports of small sized trucks to GM and a sales recovery of large-sized trucks with high added value as a result of the active expansion of public works since the end of last year, Isuzu Motors' current profits shot up by 86.7 per cent to Y12.66bn. Net profits ended 165 per cent higher at Y7.392bn, on sales of Y278.7bn, up 22.4 per cent over the same period in the previous fiscal year.

Isuzu is a recovery situation. In October 1977, the company resumed dividends for the first time in seven years.

The number of vehicles sold in the half-year under review rose by 13 per cent to 22,600 of which exports accounted for 56 per cent in unit terms.

According to the company, the improvement in operating ratios offset an increase in fixed costs; management also achieved a Y2.5bn reduction by streamlining production lines.

Isuzu's exports in value accounted for 36 per cent of total sales.

In terms of value, Isuzu's exports accounted for 38 per cent of the sales total. Since most of Isuzu's exports were invoiced in yen, direct exchange losses on its exports were marginal. However the company's overseas distributors requested reductions on transfer prices to compensate for yen revaluation which cost it Y1.4bn.

For the current six month period the company expects to suffer an additional cost burden of Y3bn for the same reason. As a result, current earnings are likely to show a fall during the second half of the business year. Profits for the year as a whole, however, should still show a rise of 40 per cent over 1976-77.

Despite the improvement Isuzu is cautious, citing uncertain future business prospects and insufficient international reserves. It plans to declare an unchanged dividend of Y4 per share of Y50 par value this year, including an interim dividend of Y2.

Asahi Insurance reconstruction

BY OUR OWN CORRESPONDENT

TOKYO, June 22.

THE FIRST radical management reconstruction of a Japanese insurance company since the war is to be undertaken by Asahi Fire and Marine Insurance. Steps to be taken include replacement of its top management team. Merger with a larger insurance company is also possible.

The company has run into problems following the sharp reversal, two years ago, of the Japanese Government's traditional policy of protecting small insurance companies. Analysts said reconstruction moves were possible at Japan's six smallest non-life insurance companies dealing with the public. The six have annual premium incomes ranging from Y6bn to Y37bn (around $30m) — or about a sixtieth of that of the industry leader, Tokyo Fire and Marine.

Asahi suffered an underlying loss of Y1.7bn ($8m) last year, about three times its officially stated stockholders' equity, according to the Nihon Keizai Shimbun newspaper. The company is expected to receive special permission from the Finance Ministry to include realised capital gains in its operating earnings this year and avoid reporting a loss.

Analysts said that the company almost certainly has sufficient unrealised capital gains in its Y12bn securities portfolio to cover the current losses and any additional losses during reconstruction.

Asahi's operating expenses are 45 per cent of its premium income, the highest proportion of all Japan's 20 non-life insurance companies. Premium income was Y22.6bn in 1976. Japan's smaller insurance companies have traditionally performed essentially the same functions as the large insurance companies, and have suffered from a much higher ratio of operating expenses to income. Operating expenses are 28 per cent of premium income at Tokio Marine and Fire.

The Finance Ministry protected small insurance companies until two years ago by allowing them to introduce new types of insurance ahead of other insurers, and to keep insurance premiums relatively high. But under pressure from consumer groups for lower premiums and from Foreign companies for liberalisation of the market, the Government has changed its policy. Officials now say that small companies which cannot keep up with the industry should merge with others which can.

Asahi's three largest shareholders are Nomura Securities, the Japan National Railways, and the Daiwa Bank. The presidents of the three have endorsed reconstruction moves, including reorganisation of the company's branches, reduction of other expenses, and channelling of insurance business to the company by the three shareholders. The company handles much of the national railroad's business already, but its problems are not reported to be linked to those of the railroad.

Agreement on Sasebo HI

TOKYO, June 22.

A SYNDICATE of 18 Japanese banks and major shareholders in Sasebo Heavy Industries Company have agreed on full co-operative efforts to salvage the shipyard from financial difficulties.

The agreement emerged from a meeting of banks and shareholders to bring to a conclusion three-month-old negotiations, in which the Government has intervened.

Following the agreement Sasebo appears well placed to obtain Y8.3bn for severance pay to 1,600 of its 6,600-strong workforce. The workers are being laid off under a three-year reconstruction programme proposed by the Transport Ministry.

* * *

The Japanese Finance Ministry is considering applications from Bank Bumiputra Malaysia, Amsterdam-Rotterdam Bank and Societe General de Banque (Brussels) to open branch offices in Tokyo.
Reuter

New Cho Jock Kim bid for FEDH minority

BY H. F. LEE

SINGAPORE, June 22.

THE SINGAPORE hotelier and publisher, Mr. Cho Jock Kim, is making a fresh attempt to buy out minority shareholders of Far Eastern Hotels Development (FEDH)—the owner of the Singapore Hilton.

FEDH said today that it has received a formal notice of a takeover offer from FEP Investments Private Limited (Fepil) to acquire 18.82m shares of FEDH —the shares not held by Fepil, International Holdings Private Limited (IHL) and Mr. Cho Jock Kim—at S$ 1.18 a share in cash.

Mr. Cho—who is also chairman of FEDH—and his associates control IHL and Fepil, and collectively own 21.18m FEDH shares or 52.9 per cent of the company's issued capital. In an earlier attempt, in October last year, Mr. Cho through another of his companies, Fep International Pte. (Fep), offered to acquire 16.32m shares held by minority shareholders, also at the price of S$ 1.18 per share in cash.

Fep International which is a subsidy of IHL, however, failed to proceed with the offer within the statutory time limit as it was unable to complete financial arrangements with its bankers in time.

Mr. Cho then withdrew the offer and substituted it with another for the same shares, at the same price, but through the parent company, IHL, to "facilitate financial arrangements between the IHL group of companies and their bankers."

The SIC in December reprimanded Fep International for breaching the code on takeovers and mergers. It then ordered Fep International to take all possible steps to proceed with the original offer.

In his latest attempt, Mr. Cho has secured the agreement of the SIC to the withdrawal of the original offer by Fep International and substitute it with the offer by Fepil.

Fepil, which was formed for the purpose of making this takeover offer, appears to have secured financing for the bid from Singapore International Merchant Bankers (SIMBL). The offer is not conditional upon acceptances being received in respect of a minimum number of shares. Chartered Merchant Bankers is acting for Mr. Cho, while FEDH has appointed Morgan Grenfell Asia to advise minority shareholders.

FEDH, which was put into receivership one-and-a-half years ago by the Overseas Chinese Banking Corporation over debentures worth some S$12m, is still in the hands of the receivers.

The company was also involved in a protracted dispute with the Stock Exchange of Singapore over its accounts and a number of questionable transactions by the company. Trading in its shares has been suspended since January, 1976.

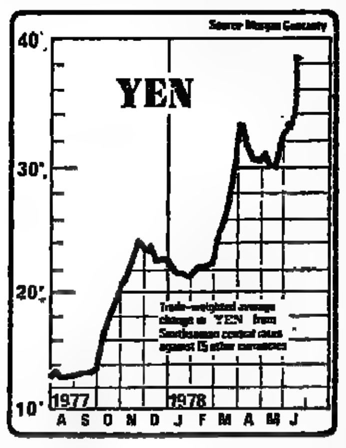
Currency, Money and Gold Markets

Dollar improves on oil news

The U.S. dollar rose quite sharply in late trading in the foreign exchange market yesterday, following reports that President Carter is prepared to raise oil prices in mid-July through increased import fees if Congress is unwilling to act on domestic oil taxes.

Market sources suggested that this may be an over-reaction however, since at the time European centres closed there was no indication of how any new measures would be introduced.

The dollar improved against the Japanese yen to Y211.00 from Y210.65 previously, and also gained ground against the German D-mark to DM 2.0885 from



DM 2.0745. The Swiss franc finished at SwFr 1.8800 in terms of the dollar, compared with SwFr 1.8640 on Wednesday.

The dollar's trade-weighted depreciation since the Washington Currency Agreement of December 1971, as calculated by Morgan Guaranty of New York, narrowed to 6.3 per cent from 6.5 per cent.

Sterling declined with most other currencies against the U.S. unit in late trading. It opened at $1.8475-1.8485 and touched a high point of $1.8500-1.8510. In the afternoon the pound fell to $1.8375-1.8385, and closed at that level, a fall of 1.15 cents on the day. Sterling's trade-weighted index, on Bank of England figures, fell to 61.4 from 61.5, after standing at 61.5 at noon and in early trading.

Forward sterling was firmer, with the three-month discount against the dollar narrowing to 1.35 cents from 1.53 cents on Wednesday.

TOKYO: The dollar closed slightly firmer on the day against the yen, at Y209.85 compared with Y209.55 on Wednesday. The U.S. currency opened at Y210.50, and rose as high as Y210.80, before further selling pressure, led by exporters, pushed the dollar to a low point of Y209.70 in the afternoon.

The Bank of Japan intervened in a small way once more, estimated at $20m to $50m, bought at the Y210.00 and Y209.80 levels. Market volume remained fairly heavy at $519m in spot trading and $605m in combined forward and swap business. It was suggested that there is little the authorities can do to stop the appreciation of the yen, although heavier intervention is expected if the dollar approaches Y200.

FRANKFURT: The dollar improved to DM 2.0888 in late trading, following news that President Carter may announce higher import fees to reduce oil imports. Trading was quiet before lunch, but was described as somewhat hectic in the afternoon. The U.S. currency was fixed at DM 2.0808, compared with DM 2.0778 previously, and the Bundesbank did not intervene. The dollar's rise from an opening level of DM 2.0795 was also partly the result of expectations of an increase in U.S. prime rates to 9 per cent from 8¾ per cent. The Bundesbank's trade-weighted revaluation index of the D-mark against 22 currencies was 145.7 (145.8), up 0.9 per cent from the end of 1977.

The yen touched its highest level this year against the German currency, but the Swiss franc declined to DM 1.1097 from DM 1.1128 previously.

PARIS: The expectation of a move by the U.S. President to reduce oil imports pushed the dollar to its highest level of the day in late trading. The U.S. currency rose to FFr 4.5812½ in terms of the French franc, compared with FFr 4.5700 early in the day, and FFr 4.5770 at the previous close. The D-mark fell to FFr 2.1955, from DM2.2065 on Wednesday, while the Swiss franc declined to FFr 2.4385 from FFr 2.4465.

AMSTERDAM: At the fixing the dollar rose to Fl 2.2345 from Fl 2.2300 on Wednesday.

MILAN: The dollar and Japanese yen were both firmer against the Italian lira at yesterday's fixing. The U.S. currency improved to L856.80, from Wednesday's fixing level of L856.20, and from an early morning level of L855.90. The yen rose to L4.072 from L4.045, regaining the ground lost on the previous day, while other major European currencies held firm against the lira.

THE POUND SPOT

June 22	Bank rate %	Day's Spread	Close
U.S. $	7	1.8375-1.8510	1.8375-1.8385
Canadian $	8½	[illegible]	[illegible]
Guilder	4	[illegible]	[illegible]
Belgian Fr.	5½	[illegible]	[illegible]
Danish Kr.	9	[illegible]	[illegible]
D-Mark	3	[illegible]	[illegible]
Port. Esc.	18	[illegible]	[illegible]
Span. Pes.	8	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Norwgn. Kr.	7	[illegible]	[illegible]
French Fr.	9½	[illegible]	[illegible]
Swedish Kr.	8	[illegible]	[illegible]
Yen	3½	[illegible]	[illegible]
Austria Sch.	5½	[illegible]	[illegible]
Swiss Fr.	1	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial francs 60.45-60.65.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month 4.90-4.80c pm.

THE DOLLAR SPOT

June 22	Day's spread	Close
Canada $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Es	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

June 22	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

June 22	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 22	£	$		Note Rates
Argentina Peso	1,455-1,457*	790.55-792.71†	Austria	[illegible]
Australia Dollar	1.6099-1.6250	[illegible]	Belgium	[illegible]
Finland Markka	7.8350-7.8550	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greece Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	0.500-0.510	0.2720-0.2774	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	1.7919-1.8099	0.9705-0.9790	Spain	[illegible]
Saudi Arabia Riyal	6.31-6.41	3.43-3.49	Switzerland	[illegible]
Singapore Dollar	4.2675-4.2900	2.3200-2.3210	United States	1.84-1.86
South African Rand	1.5981-1.6149	0.8695-0.8735	Yugoslavia	34-36

Rate given for Argentina is free rate.
* Rate for Argentina on June 21 should have been [illegible].
† Rate for Argentina on June 21 should have been [illegible].

EXCHANGE CROSS-RATES

June 22	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.835	3.838	387.8	8.418	3.458	4.116	1580	2.063	60.27
U.S. Dollar	0.544	1.	2.088	211.0	4.580	1.881	2.239	859.4	1.125	32.79
Deutsche Mark	0.261	0.479	1.	101.0	2.193	0.901	1.072	411.6	0.538	15.71
Japanese Yen 1,000	2.579	4.740	9.897	1000.	21.71	8.917	10.61	4074.	5.325	155.4
French Franc 10	1.188	2.184	4.559	460.6	10.	4.108	4.889	1876	2.455	71.60
Swiss Franc	0.289	0.532	1.110	112.1	2.435	1.	1.190	456.8	0.597	17.43
Dutch Guilder	0.243	0.447	0.933	94.25	2.046	0.840	1.	383.8	0.502	14.66
Italian Lira 1,000	0.633	1.164	2.430	245.5	5.329	2.189	2.605	1000.	1.307	38.16
Canadian Dollar	0.484	0.890	1.859	187.8	4.077	1.675	1.993	765.0	1.	29.19
Belgian Franc 100	1.659	3.050	6.367	643.4	13.97	5.737	6.828	2621	3.426	100.

EURO-CURRENCY INTEREST RATES*

June 22	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10-10¼	7¼-8¼	7¼-7¾	4-4¼	[illegible]	3⅝-3⅞	9-9¼	9-10	—	4-5
7 days' notice	10-10¼	7½-8¼	7⅝-7⅞	4-4¼	[illegible]	3⅝-3⅞	9-9¼	9-11	9⅛-9¼	[illegible]
Month	11-11⅛	7⅝-8	8-8¼	4-4¼	1⅛-1⅜	3⅝-3⅞	9⅞-10⅛	12⅜-13⅛	[illegible]	3⅝-4
Three months	11⅛-12	8⅛-8⅜	8¼-8⅜	4½-4¾	1⅝-2	3⅝-3⅞	10¼-10½	12½-13½	[illegible]	3⅝-4
Six months	11⅞-12¼	[illegible]	[illegible]	5-5¼	2-2⅛	[illegible]	10¾-11	13⅛-14⅛	9-9¼	[illegible]
One year	[illegible]	[illegible]	9⅛-9⅜	5⅜-5⅝	[illegible]	[illegible]	11⅛-12	14⅛-15⅛	9⅛-9¼	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.30-8.40 per cent; six months 8.70-8.80 per cent; one year 9.00-9.10 per cent.

Long-term Eurodollar deposits: Two years 9⅛-9¼ per cent; three years 9⅛-9⅜ per cent; four years 9⅛-9⅜ per cent; five years 9⅜-9⅝ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates continue firmer

There was again strong upward pressure on U.S. interest rates as the authorities seem more determined to limit the money supply growth. Although relatively small in size, a number of banks have already increased their prime rates from 8¾ per cent to 9 per cent. However, credit demand is strong at the moment, which has introduced the necessity to increase rates to maintain profit margins. In fact further increases were seen in broker-loan rates, which are generally seen as giving some indication as to future prime rates. The firmer trend was underlined with Federal funds quoted at 7¾ per cent with some sources suggesting the inevitability of a rate of 8 per cent to 8½ per cent in the near future.

Thirteen-week Treasury bills rose to 6.84 per cent from 6.77 per cent while 26-week bills were quoted at 7.33 per cent against 7.32 per cent. One-year bills were firmer at 7.67 per cent from 7.62 per cent.

Paris: Short-term money market rates showed little change with day-to-day money slightly easier at 7.5 per cent from 7.625 per cent. Longer term loans remained static at 8.125 per cent for the three-month, through to 9 per cent for one year.

Brussels: Deposit rates for commercial francs were firmer at the short end with call money at 4-5 per cent. One-month money was firmer at 5¼-5⅝ per cent from 5⅜-5⅞ per cent while the three-month rate showed no change at 5¾-5⅞ per cent. Funds for six months were also unchanged at 6¼-6⅝ per cent and 12-month money firmed slightly to 7¼-7½ per cent against 7-7¼ per cent.

Hong Kong: Conditions were still generally tight with call money at 5¼ per cent and overnight business dealt at 5 per cent.

Amsterdam: Interbank money market rates fell to 2½ per cent from 4⅞ per cent for call money while funds for one-month eased to 4¼ per cent against 4⅜ per cent. Three-month loans were unchanged at 4¼ per cent as was the six-month rate at 5⅞ per cent.

UK MONEY MARKET

Extremely large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit remained in extremely short supply in the London money market yesterday and the authorities alleviated the shortage by buying a large amount of Treasury bills direct from the houses, and a small number of local authority bills. Total buying was large. In addition, they also lent a moderate amount to 2 or 3 houses at MLR for repayment to-day. Total assistance appeared to have been overdone with discount houses paying as little as 5 per cent for secured call loans towards the very end.

The market was faced with a slight net take-up of Treasury bills and the repayment of Wednesday's extremely large loans. On the other hand, banks brought forward balances above target, note circulation fell, and Government disbursements exceeded revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 10-10½ per cent, and touched 10½-10¾ per cent, before easing to 9¾-10 per cent, where most of the day's business was done. However, towards the end conditions became more relaxed with closing balances taken at around 9 per cent. The Bank of England announced yesterday that Minimum Lending Rate was unchanged at 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 22 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposit	Discount market deposit	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	8-10½	—	—	—	10¼	5-10	—	—	—
2 days notice	—	—	10-10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10⅝	—	—	—	—
7 days notice	—	10-10⅝	10⅛-10¼	—	10⅝	—	[illegible]	—	—	—
One month	[illegible]	[illegible]	10-10¼	10-10¼	10⅝	10½	[illegible]	[illegible]	9⅞-10	10¾
Two months	[illegible]	10-10⅛	—	9¾-10⅛	[illegible]	—	9½	[illegible]	[illegible]	10¾
Three months	[illegible]	10-10⅛	[illegible]	[illegible]	10⅜	11	9½	[illegible]	[illegible]	10⅝
Six months	[illegible]	10-10⅛	[illegible]	[illegible]	10⅜	—	—	—	[illegible]	10⅝
Nine months	[illegible]	[illegible]	—	9¾-10	10⅜	—	—	—	—	—
One year	[illegible]	[illegible]	10-10½	9½-10	10⅜	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11¾-12 per cent; five years 12¼-12½ per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9[illegible] per cent; four-month trade bills 10⅜ per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 9¾ per cent; and two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills 10⅝ per cent, two-month 10¾ per cent; and also three-months 10¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 8½ per cent from June 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days notice) 6¼-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.1345 per cent.

GOLD

Weaker trend

Gold traded fairly quietly in the London bullion market yesterday. It opened at $185-185½ and was fixed at $185.55 in the morning. The metal declined to $185.30 at the afternoon fixing, and closed at $184¾-185¼, a fall of $1¼ on the day. The firmer tendency of the dollar was a factor behind the overall weakness of gold.

In Frankfurt the 12½ kilo bar was fixed at DM 12,415 ($185.85 per ounce) compared with DM 12,465 ($186.63) previously.

	June 22	June 21
Gold Bullion (a fine ounce)		
Close	$184¾-185¼	$186¼-187¼
Opening	$185-185½	$186-186½
Morning fixing	$185.55 (£100.468)	$186.10 (£100.815)
Afternoon fixing	$185.30 (£100.243)	$186.35 (£100.888)
Gold Coins domestically		
Krugerrand	$191-193 (£103½-104½)	$194-196 (£105-106)
New Sovereigns	$54½-56½ (£29½-30½)	$55-57 (£29¾-30¾)
Old Sovereigns	$55-57 (£30-31)	$55½-57½ (£30-31)
Gold Coins internationally		
Krugerrand	$190½-192½ (£103½-104½)	$191½-193½ (£103½-104½)
New Sovereigns	$53-55 (£28¾-29¾)	$52¾-54¾ (£28½-29½)
Old Sovereigns	$55-57 (£30-31)	$55½-57½ (£30-31)
$20 Eagles	$275½-278½	$277½-280½
$10 Eagles	$156-159	$155½-158½
$5 Eagles	$98-102	$99-102

MONEY RATES

NEW YORK

Prime Rate	8.75
Fed. Funds	7.75
Treasury Bills (13-week)	6.84
Treasury Bills (26-week)	7.33

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.55
Three months	3.65
Six months	3.75

FRANCE

Discount Rate	7.5
Overnight	7.5
One month	7.875
Three months	8.125
Six months	8.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.375

Firmer $ and bargain-hunting lift Wall St.

INVESTMENT DOLLAR PREMIUM

$2.60 to £—111% (112½%)
Effective $1.8380 49½% (51%)

A FIRMER dollar and bargain-hunting helped halt the recent slide on Wall Street yesterday, leaving stocks posting small gains at the close.

The Dow Jones Industrial Average finished 2.77 ahead at 827.70, while the NYSE All Common stocks index ended with a gain of 16 cents at $54.07.

Volume, at 27.16m shares, was down nearly 2m on Wednesday's level, while advancing stocks outnumbered declining ones for the first time in six trading sessions. Of 1,852 issues traded, 747 rose and 653 fell, with 452 unchanged on the day.

The dollar strengthened on reports that President Carter was prepared to impose fees on imported oil if Congress failed to enact an equalisation tax to bring the price of domestic oil up to the world market level.

The bargain-hunting was triggered by the short-term oversold condition of the market. More than 1,000 issue have declined in each of the past five trading days.

After trading ended, the Fed reported that U.S. money supply M-1 had fallen $1.1bn in the latest reporting week.

Last week fears of tighter monetary policy were heightened when the Fed reported money supply unchanged from the previous week's jump of $4.3bn.

On Wednesday the Fed appeared to boost the key Federal funds rate from 7½ to 7¾ per cent making the outcome of yesterday's report of less concern to the market.

Allegheny Airlines was a standout performer, jumping $2¼ to $10⅞ in heavy trading. Allegheny said it knew of no reason for the gain but its air route to Atlantic City and its sharply higher earnings reported this week may have been influential.

Gaming stocks continued to attract heavy interest, some of which might be the result of a rush by speculators who sold the shares short to cover their positions.

Playboy rose $4⅛ to $24⅞. Bally Manufacturing $1¾ to $38⅞. MGM $2¼ to $38⅛. Caesar's World $⅞ to $28⅞. Harrah's $4½ to $28½ and Ramada Inns—again the volume leader—$⅞ to $8⅛.

Golden Nugget, on the Pacific exchange, added $⅜ to $24⅞ before trading was halted pending a news announcement.

Howard Johnson jumped $1½ to $14½ and Del E. Webb $1¼ to $22½ in active trading.

Sony picked up $⅜ to $8½. Yesterday the U.S. Supreme Court rejected a Zenith Radio plea for countervailing duties against Japanese TV imports.

Atlantic Richfield moved ahead $1¼ to $51½—it expects its first coal mine to produce 20m-25m tons a year by the mid-1980s.

Holly Sugar advanced $1¾ to $27¾—it said a private investor proposed to offer $35 a share for its stock.

On the AMERICAN SE prices rose in moderate trading, the index closing 0.13 up at 147.18. The average price per share gained 2 cents.

Stock volume was down slightly at 3.22m (3.60m) with losing shares ahead of rising ones 324 to 274.

Resorts International "A" spurted $7 to $76 in first place, its "B" stock rising $5½ to $79. Husky Oil, in second place, added $¾ to $48⅛.

International Systems and Controls picked up $1⅝ to $24⅛ and Loews Warrants $1⅛ to $15¼.

Nuclear Data dropped $1⅜ to $12¾. Defendants in a suit the company has brought have agreed not to buy or sell the company's shares for 45 days pending filings with the SEC.

Canada

Prices weakened in busy trading on Canadian stock markets yesterday. Toronto Stock Exchange index dropped 2.8 to 1,128.9 and the Montreal composite index 0.81 to 190.56.

Golds gave up 0.2 to 1,421.9 and Metals and Minings 2.7 to 923.1, but Oils advanced 4.6 to 1,441.7.

Canadian General Electric dropped C$1 to C$28 and Falconbridge Nickel "A" C$⅞ to C$22⅞, while Banque Canadienne Nationale at C$16½, Leon's Furniture at C$13½, Canadian Tire "A" at C$23½, Coles Book Stores at C$18⅞ and Noranda "A" at C$24½ all shed C$¼.

Resource Service Group, which declared an initial semi-annual dividend, rose 5 cents to C$2.40. Husky Oil, the most active Industrial, gained C$1½ to C$52½ on 94,153 shares.

Among speculatives, St. Fabien Copper, which said it was seeking gas leases in Pennsylvania, crept 1½ cents higher to 12½ cents on 137,500 shares.

Tokyo

Prices closed a little higher in moderate trading, repeating the pattern of Wednesday.

The Nikkei-Dow Jones indicator rose 5.03 to 5,493.87. Buying was boosted somewhat by the dollar's slight recovery against the yen. Volume totalled 280m shares—about the same as on Wednesday.

Speculative, lower-priced issues drew much of the investor attention.

Japan Line was bought heavily to hit a new "high" for the year on speculation that it would take more profits as oil storage was promoted.

Bank of Tokyo was also bought on expectations that the bank's revenues from foreign exchange dealings would be increased because of the current active foreign exchange business.

Muchida Pharmaceutical rose Y190 to Y1,500, while Eisai put on Y90 to Y1,180, Nippon Chemiplan Y80 to Y1,120, Green Cross Y50 to Y2,000, TDK Electronics Y50 to Y2,000, Crown Radio Y46 to Y523, Tokyo Style Y45 to Y955, Arabian Oil Y40 to Y1,380, Nippon Shinyaku Y40 to Y700 and Nittetsu Mining Y31 to Y885.

Among the losers Taihei Dengyo Kaisha lost Y30 to Y1,230, Nippon Shinpan Y24 to Y726, Maruzen Y23 to Y815, Kokuyo Y20 to Y1,220, Seino Transportation Y20 to Y1,120, Nippon Security Patrol Y20 to Y1,760, Kyushu Matsushita Electric Y19 to Y901, Toyota Motor Y18 to Y970, Hoko Fishing Y15 to Y186 and Dai Nippon Doboku Y16 to Y220.

Paris

The trend of the market was generally lower, with no specific factors influential. The declines, which averaged almost 0.8 per cent, were essentially due to investors settling their positions before the start of the new monthly account.

Most Portfolios, Cars and Chemicals advanced against the general trend. Electricals were mixed.

Elf-Aquitaine and Petroles BP were among leading shares to weaken, while Thomson Brandt—FFr 3.9 ahead at FFr 198.4—was among some gaining issues.

Others well down at the close were Saint-Louis Comptoir des Entrepreneurs, Kleber, Hachette, Generale de Funderie, Prenatal, Marine-Wendel, Esso and UTA. Dumez fell FFr 25 to FFr 740 and Moulinex FFr 5.7 to FFr 144.5.

Among significant advances were Penhoet, Sade and Roussel-Uclaf.

Germany

Prices continued to weaken in a technical reaction to recent gains. The generally depressed mood on the bond market also undermined sentiment.

The Commerzbank Index fell 6.8 to 792.4.

All sectors posted declines except for Banks, which edged slightly higher. Commerzbank gained 90 pfennigs to DM225.10.

In Chemicals, Hoechst lost DM2.90 to DM127.50 and Bayer 40 pfennigs to DM138.70.

In Electricals, AEG retreated DM1.50 to DM77.50 and Siemens 50 pfennigs to DM288. In Engineerings, KHD dipped 40 pfennigs to DM184.10, while in Motors VW eased DM2.20 to DM210.

The bond sector continued weak, with public authority issues losing up to 50 pfennigs despite DM112m-worth of Bundesbank purchases compared with $3.8m on Wednesday.

Australia

Prices eased again, BHP losing 10 cents to A$6.92.

Bank of NSW fell 2 to A$5.92, but CSR rose 3 cents to A$2.90 and the ANZ Bank 5 to A$2.98.

Consolidated Goldfields dropped 15 to A$3.20, CRA 6 to A$2.40, MIM 4 to A$2.06 and North Bll 2 to A$1.28, while Renison, Pancontinental and Robe River also eased. Bougainville dipped 1 cent to A$1.23.

Among the gainers Coal and Allied put on 5 cents to A$3.90, Theiss 3 to A$2.63, and the NSW engineering and coal group, White Industries, 7 to A$1.62.

Central Pacific fell 30 to A$5.50, after rising 50 on Wednesday. Southern Pacific lost 3 to A$2.05.

Waltons rose 4 cents to 94, while Coles eased 1 to A$1.96

Johannesburg

Gold shares were mostly easier, reflecting the lower bullion trend. Mining Financials were easier in line with producers.

Elsewhere, De Beers continued to gain on mixed demand, following U.S. investment comment. It put on 23 cents to R6.65.

Platinum shares were a few cents lower in quiet trade and Coppers little tested.

In mixed Industrials, Premier Milling fell 15 to R7.95 and C. G. Smith Sugar 20 to R4.90 bid. The market is consolidating after its recent strong rises.

Hong Kong

Shares ended higher in active trading, the Hang Seng index closing 9 points ahead at 549.72.

The market opened weak and share prices continued to retreat in early trading. Buying orders soon increased, though, and a rally developed which continued into the afternoon. Profit-taking in the late afternoon, however, trimmed some of the early gains.

Among gainers, Hong Kong Bank rose 30 cents to HK$18.10, Hong Kong Land 20 cents to HK$9.50, New World 12½ cents to HK$2.175, Hutchison 20 cents to HK$6.15, Swire Pacific "A" 10 cents to HK$8.10, Wheelock "A" 10 cents to HK$3.10 and Jardine 10 cents to HK$13.80.

Hong Kong Electric gained 15 cents to HK$5.95, China Light 10 cents to HK$25.30, Hong Kong Telephone 30 cents to HK$34.30 and Hong Kong and Kowloon Wharf HK$1.10 to HK$23.00.

Turnover totalled HK$171.49m (HK$165.09m).

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM50 denom unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom unless otherwise stated. ♣ Kr 100 denom unless otherwise stated. ♠ Frs 500 denom and Bearer shares unless otherwise stated. ¶ Yen 50 denom unless otherwise stated. ⊕ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	June 22	June 21
Abbott Labs.	35⅝	35⅝
Addressograph	26	25⅝
Aetna Life & Cas.	39⅝	40
Air Products	28¼	28¼
Airco	30	30
Alcan Aluminium	26⅞	26⅝
[illegible]	[illegible]	[illegible]

Stock	June 22	June 21
Corning Glass	55⅞	56⅝
CPC Int'national	52⅞	51⅞
Crane	28½	28¼
Crocker Nat.	27	27
Crown Zellerbach	30⅛	30⅝
Cummins Engine	38⅞	39
Curtiss-Wright	17	17
Dana	26⅞	27
[illegible]	[illegible]	[illegible]

Stock	June 22	June 21
Johns Manville	30½	30½
Johnson Johnson	81⅛	80⅞
Johnson Control	29	29¼
Joy Manufacturing	34⅝	34⅝
K. Mart Corp.	25	24⅞
Kaiser Aluminium	32	31⅞
Kaiser Industries	2	2⅛
Kaiser Steel	23¼	23⅞
Kay	12⅛	12⅛
[illegible]	[illegible]	[illegible]

Stock	June 22	June 21
Revlon	48⅞	47⅞
Reynolds Metals	29⅝	29⅝
Reynolds R. J.	58⅜	[illegible]
Rich'son Merrell	25⅝	24⅝
Rockwell Inter.	31⅞	31⅝
Rohm & Haas	34	34
Royal Dutch	58⅝	58⅝
RTE	15	15
[illegible]	[illegible]	[illegible]

Stock	June 22	June 21
Woolworth	18⅝	18⅝
Wyly	5⅛	5⅞
Xerox	51⅞	51⅞
Zapata	16⅝	16⅛
Zenith Radio	14⅛	14⅜
U.S. Treas. 4% 1980	194½	194½
U.S. Treas. 4¾% 78/83	180¾	180⅛
U.S. 90 day bills	6.79%	6.81%

Stock	June 22	June 21
Westvaco	26⅛	26⅝
Weyerhaeuser	24½	24¼
Whirlpool	21⅞	22
White Con. Ind.	22¼	22⅛
William Co.	18½	18⅝
Wisconsin Elect.	28	27¾

Stock	June 22	June 21
Texaco Canada	54	48⅛
Toronto Dom. Bk.	19⅝	20
Trans Can Pipe Ln	17⅛	19⅞
Trans. Mount Oil	9	9
Trizec	15	†15
Union Gas	11	11
Utd. Siscoe Mines	7⅛	7¼
Walker Hiram	33⅝	33⅛
West Coast Trans.	11¼	11⅛
Weston (Geo.)	17¼	17¼

† Bid. ‡ Asked. § Traded. ¶ New stock.

CANADA

[illegible]

Indices

NEW YORK—DOW JONES

	June 22	June 21	June 20	June 19	June 16	June 15	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	827.70	824.93	830.04	838.62	836.97	844.25	866.51	742.12	1051.70	41.22
H'me Bonds*	87.82	85.51	89.02	88.15	87.90	87.95	90.56	87.60	—	—
Transport	220.05	219.55	221.17	222.24	222.34	225.45	251.55	199.31	279.98	13.23
Utilities	104.60	104.29	104.25	104.97	105.16	105.51	110.33	102.24	165.32	10.56
Trading vol. 000's	27,160	25,180	27,520	25,500	27,690	29,280	—	—	—	—

*Basis of index changed from August 24

	June 16	June 9	June 2	Year ago (approx)
Ind. div. yield %	5.58	5.43	5.50	4.79

STANDARD AND POORS

	June 22	June 21	June 20	June 19	June 16	June 15	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	106.41	106.15	106.66	107.79	107.64	108.70	111.55	95.52	134.64	3.52
Composite	96.24	95.91	96.51	97.49	97.42	98.34	100.55	95.90	125.85	4.40

	June 22	June 14	June 7	Year ago (approx)
Ind. div. yield %	5.07	4.90	4.86	4.57
Ind. P/E Ratio	9.11	9.44	9.51	10.22
Long Gov. Bond yield	8.52	8.44	8.45	7.57

N.Y.S.E. ALL COMMON

June 22	June 21	June 20	June 19	1978 High	1978 Low
54.07	53.91	54.22	54.72	56.20 (6.6)	48.37 (6.3)

Rises and Falls

	June 22	June 21	June 20
Issues traded	1,852	1,871	1,913
Rises	747	546	407
Falls	653	1,151	1,095
Unchanged	452	574	411
New Highs	21	174	—
New Lows	42	855	—

MONTREAL

	June 22	June 21	June 20	June 14	1978 High	1978 Low
Industrial	181.69	182.29	183.55	183.90	185.08	164.90
Combined	190.56	191.37	192.51	192.55	194.60	170.62

TORONTO Composite 1,128.9 [illegible]

JOHANNESBURG [illegible]

THURSDAY'S ACTIVE STOCKS

[illegible]

GERMANY ♦

June 22	Price DM.	+ or −	Div. %	Yld. %
AEG	77.5	−1.5	—	—
Allianz Versich.	487.5	−2.5	31.2	3.2
BMW	243	−0.5	28.08	5.6
BASF	130.7		18.75	6.7
Bayer	138.7	−0.4	18.75	6.7
[illegible]	281.5	−1.5	28.12	5.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶ [illegible]

AUSTRALIA [illegible]

OSLO [illegible]

BRAZIL [illegible]

Turnover: Cr.58.8m. Volume 37.1m. Source: Rio de Janeiro SE.

JOHANNESBURG — MINES [illegible] — INDUSTRIALS [illegible]

Securities Rand U.S.$0.72 (Discount of 37.4%)

AMSTERDAM [illegible]

BRUSSELS/LUXEMBOURG [illegible]

PARIS [illegible]

SWITZERLAND ● [illegible]

COPENHAGEN ✤ [illegible]

MILAN [illegible]

VIENNA [illegible]

STOCKHOLM [illegible]

SPAIN ♥ [illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	10 %
First London Secs.	10 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

GOLD

Weaker trend

BY RAY DAFTER AND ROGER BOYES

Barents Sea problems

THE POSSIBLE involvement of British Petroleum in the Soviet Union's plans to drill for oil and gas in the Arctic Barents Sea has provided a new slant to the strategic, political and industrial importance of this region.

Clearly, the Russians regard the Barents Sea as an important supplier of fuel for itself and its Eastern European neighbours in the longer term. After all, the Arctic Basin is seen by many in the oil industry as probably being the most *important of the world's remaining* petroleum areas.* Large oil and gas accumulations have already been discovered on the North Slope of Alaska—where BP is also heavily involved—in the far north of Siberia, and on the Canadian Arctic islands.

But Norway also has aspirations for exploiting the Barents Sea: so much so that there is a long-standing wrangle over the possible median line between the two countries.

British Petroleum made it clear this week that it will not be drawn into any exploration activity in an area which is under dispute. Indeed, it was at pains to emphasise that its discussions with a Russian delegation in London some three months ago had been purely "exploratory." "BP has made *no commitment* and no firm pledge has been made by the Russians," a spokesman said. "We have nothing in hand, and nothing is scheduled."

He added that the possible development of the area must be regarded as a long-term project, possibly taking 10 to 15 years before any oil is found, proven and exploited.

Dr. Djerman Gvishiani, deputy chairman of the Soviet State Committee for Science and Technology, who led the talks with BP, recognised that the exploration of Arctic regions was not urgent, according to Novosti, an official Russian news agency. However, the Soviet Union was "now ready to negotiate in specific terms on the (Barents Sea) project," he said. The stage was now approaching when oil and gas resources of the Barents Sea could be developed. This "offered possibilities" for foreign companies, including those based in Britain.

If the Soviet Union opens up the Barents Sea to Western oil companies—and this is an intriguing prospect in view of the strategic importance of the region to Russia's military might —then BP would be an obvious partner. BP has experience of Arctic conditions but, more significantly, it is one of the leaders in offshore drilling technology. This is why the Russians have *been negotiating with BP about* the company's possible involvement *in drilling activities* in the Caspian Sea. Those talks have been continuing for the past three years.

It is generally agreed that geological conditions favourable to large future discoveries exist in many of the Arctic offshore regions, including the Barents and the adjoining Kara Sea. Oil and gas reserves have already been found in onshore regions. However, offshore exploration in severe weather conditions will pose many technological problems—a point made in the Central Intelligence Agency's discussion paper on Soviet Petroleum Production published last year: "The technology to cope with pack ice such as will be encountered in the offshore Artic seas has not *been developed as yet, even in* the West. Thus, development of these areas is unlikely before the end of the 1980s at the earliest."

Remote areas

The problems associated with finding and exploiting reserves in the more remote areas of the Soviet Union, coupled with the decline in production from a number of existing commercial fields, led the CIA to *question Russia's ability to* meet its increasing energy *needs and obligations by the* mid-1980s.

Russia is the world's biggest oil producer. According to the Oil and Gas Journal its output last year averaged 10.9m barrels a day, some 2m b/d more than the estimated production of the U.S. or Saudi Arabia. Eastern European countries have been heavily reliant on this oil; indeed the rapid expansion of the Comecon chemical industries the mechanisation of its agriculture, and the modernisation of its transport and metallurgical sector has largely been due to the supply of Russian oil and gas.

The CIA predicted that Russia might be able to reach a maximum output of between 11m and 12m b/d by the early 1980s but that this rate of production could not be maintained for long. Consequently, the Soviet Union and other Eastern European countries would have to import oil just at the time when supplies of free world crude might be beginning to be tight—in the late 1980s. This was also the conclusion of a report published in May by the Vienna Institute for Comparative Economic Studies. In fact, a number of Eastern European countries have already made serious over*tures to oil* and gas exporting countries in North Africa and *the Middle East.*

Mr. Jeremy Russell, deputy head of Shell International's East Europe Division and author of a book on Soviet foreign policy† has reported that the Soviet oil industry is faced with the task of providing between 2bn and 4bn barrels of extra oil every year until 1985 if its production targets are to be met. Taking the lower figure, that challenge is on a par with discovering a North Sea Brent or Forties Field every year. It is an awesome prospect. On the other hand, as Mr. Russell points out, the Soviet oil industry has a fairly good record in meeting its five-year plan targets.

Enormous

A Swiss publication, Energy In Countries With Planned Economies, reported earlier this month that last year the Soviet Union produced 546m tons of crude, including gas condensate—some 573,000 tons more than demanded by the five-year plan. During the year 3,144 new wells were drilled, again 489 more than planned.

There is little doubt that Russia is putting more emphasis on exploration. With 65 per *cent of the total area of the* Soviet Union consisting of sedimentary rock, the potential oil and gas reserves are thought to be enormous. It is a question of whether the Russian oil industry can find and exploit the new reserves in time to offset the impact of falling production in older producing regions such as the Transcaucasus and North Caucasus areas. According to Mr. Russell, ultimate recoverable reserves are at least 350bn barrels or 50m tons—some five to ten times the total proven reserves as at the end of 1976, depending on whether you use the low reserve estimates of the CIA or the more optimistic figures of BP and the Oil and Gas *Journal.* By far the greater part of the undiscovered reserves are thought to lie east of the Urals, in western and eastern Siberia, and in offshore regions such as the Barents Sea.

But the implications of Barents Sea exploitation go far beyond energy considerations. The area gives Russia its safest year-round access to both the Norwegian Sea and the North Atlantic and straddles the exit from the crucial Soviet naval base at Murmansk. Thus a joint BP-Soviet Union drilling project could bear on relationships between Oslo and Moscow and indirectly have an impact on global strategy.

Norway and the Soviet Union have been in dispute for some years over the development of the offshore regions in the Arctic part of the Barents Sea. Oslo has been pressing for the Barents Sea to be divided in accordance with the 1958 Continental Shelf Convention which favours the drawing of a median line at an equidistant point between the Norwegian and Soviet coasts. Moscow on the other hand, wants a sectoral demarcation extending downwards from the North Pole similar to the division of the region around Antarctica. Under its proposals, the Soviet Union would be able to control a much larger section of the sea.

Fully stretched

Norway has so far avoided exploration in the Barents Sea principally because its economy is fully stretched exploiting North Sea resources, but also partly because it is reluctant to prejudice future talks on the drawing up of a demarcation line. According to one Norwegian official in London the Soviet decision to go ahead with exploration could seriously affect the talks.

There are two other disputes in the Barents Sea which may have a bearing on the Continental Shelf talks and oil exploration. The first concerns fishing in the disputed "grey zone" between Norway and the Soviet Union. An agreement last year established some sort of *modus vivendi*, allowing Norwegian and Soviet patrol boats the right to police fishing in the area. This accord runs out on July 1, although renewal looks inevitable. Political analysts in London believe the date of expiry coud have had a bearing on the timing of the Soviet announcement although Norwegian officials tended to discount this theory.

The other dispute concerns the status of Spitzbergen, a group of Norwegian islands some 600 miles north of the Barents Sea. The 1920 Spitzbergen Treaty gives 41 signatories the right to work the mineral deposits of the area providing they abide by Norwegian law. The problem is that if Spitzbergen is considered to have its own continental shelf the treaty will allow offshore prospecting by all 41 countries including the Soviet Union. Norway, however, maintains that Spitzbergen's continental shelf is an extension of its own shelf and that it has an exclusive right to prospect there.

Spitzbergen is a demilitarised zone which thus excludes the possibility of a military threat to the Murmansk base. The relative invulnerability of the base has led the Soviet Union to concentrate its biggest naval *fleet and some 70 per cent of* the Soviet nuclear submarine force on the Kola peninsula. The bulk of the force consists of Y-class submarines carrying the SS-N-6 which has a range of 1,500 miles. This limited range means that the submarines have frequently to cross the Barents Sea towards the western Atlantic to become strategically effective.

Even with the deployment of longer range missiles, the Barents Sea will remain one of the most strategically vital naval theatres for the Soviet Union. Yet Moscow's need to expand its oil regime may force it to re-examine some of its strategic assumptions about the neutrality of the sea and may even force it to push ahead for a quick settlement with Norway *on the vexed problem of how to* exploit the Continental Shelf.

**Oilfields of the World, by E. N. Tiratsoo: Scientific Press, Beaconsfield, Bucks. †Energy as a factor in Soviet Foreign Policy, by Jeremy Russell, published for the Royal Institute of International Affairs by Saxon House, Westmead, Farnborough, Hants.*

APPOINTMENTS

Main Board post for head of ICI fibres division

Dr. N. B. Smith, chairman of ICI fibres division, is to become a member of the main Board of ICI from September 1. Dr. Smith joined the fibres division of the group in 1954 and in 1965 was made textile development manager and sales manager (weaving trades). He was appointed a member of the fibres Board in 1969 and three years later became deputy chairman of that division, taking over as its chairman in 1975.

★

Mr. Frank Shanley and Mr. John L. Gageby are commencing a new stockbroking partnership in Dublin with effect from June 26. The name of the firm will be RIADA AND CO.

★

Management changes by the MORGAN GUARANTY TRUST COMPANY OF NEW YORK to take effect from the end of this year include: Mr. Robert G. Engel, a senior vice president heading Morgan Guaranty's banking operations in the UK and Scandinavia, and its shipping industry business world-wide, will succeed Mr. Dennis Weatherstone as executive vice president and treasurer. Mr. Weatherstone is to be vice chairman of the bank and of its holding company, J. P Morgan and Co. Inc. Mr. Jean-Louis A. N. Masurel, vice president and general manager of the Paris office, will become a senior vice president and head of the bank's British Isles, Scandinavia, and shipping business.

★

Mr. R. B. Edge has been appointed production and technical director of ELEY, a member of the IMI group.

★

Sir Cecil Burney has resigned as a director of MOOLOYA INVESTMENTS.

★

Mr. Jim Jackson, manager, customer services, has been appointed to the Board of COMPUTER TECHNOLOGY, the first time a divisional manager from within the company has been created a director.

★

Mr. Bill Waite has become general manager of the distribution group of the CO-OPERATIVE WHOLESALE SOCIETY replacing the late Mr. Derek Worthington. Mr. Waite reports to Mr. Maurice Bromilow, food division controller.

★

Mr. H. W. Dean has been elected managing director of PULLMAN KELLOGG, Wembley, and vice-president of the Pullman Kellogg division of Pullman Incorporated, Houston. He is the first British national to become chief operating officer of UK operations for the international engineering contractor organisation. Three other senior management appointments have been made: Mr. Paul Williams, managing director of Kellogg Continental, B.V., Amsterdam, is now also a vice president of Pullman Kellogg division of Pullman Incorporated, responsible for Netherlands operations; Mr. James R. Lambrix becomes vice president and general manager of Houston operations at Pullman Kellogg's headquarters; and Mr. Carmine D'Ambrosio replaces Mr. Lambrix as vice president and general manager of the Northeast Operations Centre in Hackensack, New Jersey.

Mr. H. W. Dean

★

Mr. Dennis Statham, of Saltrace, has been elected chairman of the BRITISH IMPORTERS CONFEDERATION.

FINANCIAL TIMES SURVEY

Friday, June 23 1978

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International Frozen Foods

The frozen food market has proved itself to be one of the most consistently expanding sectors of the grocery business. In virtually every developed country frozen food sales have grown faster than the total food market.

Sales keep on growing

By Elinor Goodman

When after the war Unilever and General Foods decided to abandon their join venture in the British frozen food business, not even Unilever, which took over the Birds Eye name outside the U.S., was particularly optimistic about the potential for quick-frozen foods on this side of the Atlantic. Like many of the other companies which went into frozen foods in the early days, Unilever probably saw it more as a way of protecting its existing canning interests than a major growth area in its own right.

In Britain itself very few retailers had the equipment to sell frozen foods and only a minority of homes had refrigerators. Even in America, the country where Mr. Clarence Birdseye started it all with General Foods, the market was in the doldrums.

Thirty years later the frozen food market has proved itself to be one of the most consistently expanding sectors of the grocery business. For its part, Birds Eye has become one of the three largest divisions in Unilever's British operations, and ex-Birds Eye executives are now running frozen food companies all over the world.

In Britain alone the market is now worth over £700m and is expected to top the £1bn mark by the early 1980s. Worldwide, according to one estimate, the total market is now worth £20bn. Frozen food cabinets have become an integral part of every supermarket and a quick glance at any display cabinet will show just how far the range of frozen foods has developed since the days when quick freezing was largely seen as a means of offering seasonal products like rhubarb at unseasonal times of the year.

In virtually every developed country frozen food sales have grown faster than the total food market, and while sales in the established markets, like America and Scandinavia are no longer leaping ahead at the rate they did in the early days, they are still showing volume gains in most years.

Spending

Last year volume sales in Britain dropped sharply for the first time since the war but that had probably more to do with the relative cheapness of fresh produce than with the country's overall economic state. Internationally the business has not been entirely immune from the effects of recession—especially in those countries where per capita consumption is already high—but in most countries it has been less severely hit by cut-backs in consumer spending than other sectors of the grocery market.

In a world where convenience is becoming increasingly important in the whole food market frozen foods are no longer generally considered the kind of luxury which can be dispensed with when money is short; indeed they often offer a cheap alternative when fresh food prices are high.

Frozen fish has become an international commodity, and thanks to the developments in containerisation frozen vegetables are shipped round the world. It is not only in this sense that the business can be described as international. Most of the companies which dominate the various markets around the world are multinationals. In Europe the big names are Nestle and Unilever. In some countries, like Britain, they compete against each other as well as with national groups like the Imperial Group subsidiary Ross Foods.

In other European countries like West Germany and Italy the two companies have formed joint ventures—which in the case of Germany have to fight strong local opposition. Increased competition could be in store for the future if the discusisons between ITT and Heinz over the sales of ITT's European frozen food operations bear fruit. As a major canner, Heinz has long had its eye on the frozen food sector, which over the years has taken sales away from canned goods.

In America the market is more fragmented but again the names which dominate it include some of the biggest companies in the food business, like Green Giant, General Foods and Sara Lee.

As the Monopolies Commission found in its report on the British market, the frozen business is an expensive one to penetrate as a branded manufacturer. But this did not stop companies trying when the market was growing at 20 per cent or more a year. Behind the Nestle subsidiary, Findus, which vies with Ross as Britain's second largest frozen food producer, are a series of mergers which brought together four different companies over the years.

And though the three major British manufacturers—Birds Eye, Findus and Ross—account for well over half the retail market, there are many smaller companies around which, as the development of the home freezer market five years ago showed, can catch the big boys off guard.

The growth in sales around the world has not by any means always been matched by a growth in profits. Frozen foods are traditionally a high-volume, low-margin business. Despite the often close links with their suppliers, the frozen food companies are vulnerable to sudden swings in raw material prices. Moreover, as will be spelt out graphically at next week's International Frozen Food Industries Conference in London, the profits of branded manufacturers can be seriously undermined by competition from companies prepared to supply own brands foods at a discount.

America is still by far the largest marker anywhere in the world. No other country can compare with it in either the volume of sales or the range of goods on offer. In 1976 the Americans spent £8bn on quick frozen foods, more than 10 times as much as their nearest rivals the British. Per capita consumption was also way out in front at 35 kilogrammes per head as against 13.7 per cent in Britain and 18.7 per cent in Sweden, the country where Findus originated as an offshoot of a confectionery company.

The American market is generally considered to be at least 15 years ahead of most European markets, and even farther ahead of some of today's big growth markets like Japan. The American manufacturers adopted a buck-shot approach to new product development right from the start and bombarded the U.S. housewife with a huge variety of products. The result is that today, with a vast amount of retail cabinet space at their disposal, the American manufacturers offer a staggering range of frozen products. Just one Washington supermarket last week was offering no fewer than 68 different kinds of TV dinners and the space devoted to desserts alone would have accommodated the entire range of frozen foods sold in an average British store.

The growth in frozen food sales is obviously connected with the rise in living standards and a consequent increase in refrigerator ownership. But this does not entirely explain the different times at which different markets round the world have taken off. Urbanisation and the number of working wives also play a major part in determining demand. After the Americans, the Scandinavians were the first to discover the attractions of frozen foods, thanks largely to Findus's early efforts in Sweden.

The next in were the British and in the late 50s and 60s the British market was increasing at the rate of 20 per cent or more—and that was without 1970s style double digit inflation to bolster the figures. In the 1970s the British market has been given another boost by the increase in home freezer ownership.

The French and German markets did not really take off until about ten years ago, when in the case of France Nestle started investing heavily in the market. Now the markets showing the biggest percentage gains are those like Italy and Japan where per capita consumption is relatively low—though in terms of extra volume an increase of 1 per cent in the American market is still worth more than, say, a 20 per cent increase in the Irish market.

Distances

The growth rate is obviously partly dictated by the retail trade and the amount of space it is prepared to devote to frozen foods. A highly fragmented retail market like Italy does not lend itself easily to mass frozen food distribution. Nor of course do the enormous distances involved in distribution in countries like Brazil. In Britain Birds Eye is now concerned that future growth may be inhibited by the lack of back-up storage space in supermarkets, while the development of the catering market may well be restricted in the short term by the lack of adequate storage facilities for frozen foods.

But the most important factor in the British market over the last eight years has been the increase in home freezers. It was not a development for which the American market had prepared the British manufacturers. In the US refrigerators had long been sold with ample storage space for frozen foods and the manufacturers had gone into big packs in the early days. American consumers buying foods for their freezer compartments either went to their usual supermarket or had it delivered to their homes.

In Britain none of the companies involved in the frozen food industry — whether refrigerator manufacturers, food companies or established retailers — was really prepared for the way demand for freezers suddenly took off. Families bought huge coffin-sized freezers and looked around for suitably scaled packs to fill them. To begin with, it was not generally the established companies which filled this need.

In the High Street Bejam pioneered the concept of the specialist freezer centre which sold both frezers and the food to fill them. A number of other chains sprang up with similar kinds of stores, while independent freezer centres, some of them operated by farmers and other producers, also proliferated. Of the big supermarket chains the Co-op was the first to get the message but it was not until about three years ago that the supermarkets really started making in-roads into the specialist freezer centre's share of frozen food sales.

And just as the established supermarket groups were slow to see the potential of the home freezer market, so to were the big manufacturers in recognising

Continued on next page

INTERNATIONAL CONSUMPTION OF QUICK FROZEN FOODS

	1975 Tonnes 000s	1975 Kg per head	1976 Tonnes 000s	1976 Kg per head	1977 Tonnes 000s	1977 Kg per head
EEC						
France	210.0	4.3	240.0	4.5	290.0	5.4
W. Germany	320.3	5.2	344.9	5.6	N/A	N/A
Italy	73.0	1.3	103.0	1.8	123.0	2.2
Belgium/ Luxembourg	50.3	4.9	57.5	5.6	63.5	6.3
Netherland	118.9	8.7	124.7	9.1	133.8	9.7
Denmark	59.9	11.7	68.2	13.3	70.0	13.7
Eire	9.6	3.1	11.1	3.5	11.7	3.7
United Kingdom	747.0	13.4	764.0	13.7	731.0	13.1
OTHERS						
U.S.	7121.6	33.3	7527.8	35.0	N/A	N/A
Switzerland	46.6	7.3	47.7	7.5	52.7	8.4
Austria	30.5	4.0	41.9	5.6	45.6	6.1
Finland	25.5	5.5	29.0	6.1	28.3	6.0
Sweden	139.6	17.0	155.4	18.7	155.4	18.7
Norway	40.4	10.0	43.7	10.8	N/A	N/A

Source: Birds Eye

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The British market

LAST YEAR the volume of frozen food sales in Britain fell by around 4 per cent—the first significant decline since the market took off in the early 1950s. It was not so much a reflection of Britain's economic state but a reminder of the simple fact that sales of frozen vegetables can be very badly hit if there are plentiful supplies of cheap fresh produce around. And vegetables, together with fish, account for well over half the British frozen food market.

The result was that manufacturers started this year overstocked and sales of vegetables so far this year have not been very encouraging. For Birds Eye, the Unilever subsidiary which is Britain's largest frozen food producer, the year began badly with a prolonged strike at one of its factories, and in its annual review the company talked of the concern in the industry about the ability of frozen food manufacturers to earn the returns from their investments which were anticipated in the heady days of the late 60s and early 70s when the increase in home freezer ownership resulted in many new companies entering the market.

But if last year showed that frozen foods had lost their four star growth rating, it also showed the strengths of certain sectors of the market. While vegetable sales, which had been inflated the previous year by the drought, fell away, sales of prepared foods like cod in butter sauce and frozen cream cakes continued to increase. Even under financial pressure the British housewife was not prepared to sacrifice the convenience of foods like this.

Shortage

At Birds Eye the view is that last year's fall in sales was nothing more than a hiccup. In sterling terms sales increased to £700m in 1977 and the company is predicting that the market will be worth £1.2bn by the early 1980s, with products like cakes and snacks setting the pace.

Even so, the rate of growth will be much slower than in the late 1950s and 1960s when the market was increasing at 20 per cent or more a year. The growth rate had slowed down by the beginning of the decade to 3 per cent in 1974. The following year sales increased by over 5 per cent in real terms as the shortage of fresh produce created by the drought sent people flocking to the frozen food cabinets for their vegetables.

In 1976 volume sales edged up further only to fall back to below their 1975 level the following year. The fall in sales, coupled with the intensification of the price war among the supermarkets last year, has meant that the big three manufacturers—Birds Eye, Findus and Ross — have come under increasing pressure. Suprisingly, in view of the American experience, there was no significant increase in the share taken by own brands—at least in standard packs sold through supermarkets—which remained at about 17 per cent, and the line-up of the leading manufacturers has stayed much the same despite the in-roads made into Birds Eye market share in some individual sectors.

Birds Eye's share of the market is far smaller than it was in the early sixties when it held over 60 per cent. But it still claims to sell over 47 per cent of all frozen food packed in standard sizes and sold in supermarkets. On this basis the Nestle subsidiary Findus is the second largest brand with just under 16 per cent and the Imperial Group frozen food company Ross is third with just over 4 per cent.

These figures conceal the shake-up in the market for bulk packs. In this sector Ross, which has always been relatively strong in catering and only had a small vested interest in the standard pack market, has over 10 per cent of sales as against Birds Eye's 13.7 per cent, and Findus's 8.5 per cent.

In some sectors bulk packs now account for almost half the total retail sales. Last year, for example, 37 per cent of the fish fingers sold were in packs of 60s, and 60 per cent of burgers were in packs of 24. This trend is of course a reflection of the single most important development in British market since frozen foods came onto the market, namely the growth in home freezer ownership. This development has stimulated frozen food sales but it has also created new competitors for the established operators.

In 1970 only around 5 per cent of families owned a freezer, and it was only companies like Bejam which fully recognised the potential of the freezer market. Bejam, which this year celebrates its 10th anniversary, started opening shops which sold both freezers and the food to put in them. The food was sold in bulk packs and though some leading brands were stocked, the emergence of Bejam and other chains like Dalgety and the plethora of independent operators opened up the way for smaller frozen food producers to get into the market. (Ironically, it was shortly after this that the Government asked the Monopolies Commission to examine the market.)

It was not until about four years ago that the established companies—both retailers and manufacturers—really caught on to what was happening. The big supermarket chains like Tesco, Sainsbury and Co-op also started opening their own freezer centres—either in-store or as free standing units. In the same way Birds Eye made a determined effort to start selling bulk packs specifically designed for the freezer. Since then the supermarkets have gradually won back some of the sales from the specialist freezer centres but these stores, which are a uniquely British phenomenon still sell around 35 per cent of the frozen food sold through the shops in Britain.

Today 35 per cent of families own a freezer and by 1980 it is expected that more than half of all households will have one. Already freezer owners buy more than half the frozen food sold in this country as well as creating new demand for home packaging products like foil trays and freezer bags.

But the trend is now away from the very large freezers to slightly more compact versions. The average size of freezer bought has declined steadily over the past five years. In 1973 the average capacity for chest freezers was almost 14 cubic feet. By 1976, it had fallen to 12.5 cubic feet. A similar trend was evident in upright models, while younger families increasingly favoured fridge freezers.

Trend

This trend towards slightly smaller freezers has been matched by a decline in the popularity of the giant pack sizes. New supermarkets say the big demand is for the medium-sized bulk packs, and most have the space to stock these. Indeed, some people in the industry query whether the specialist freezer centre has a long-term future in its present form. Certainly some of the smaller co-operative shops closed last year, but the big chains like Bejam tailored their operations to the changing market. Bejam, for example, is now selling bulk-packs of other groceries as well as frozen foods.

Though the big manufacturers could hardly sit on the sidelines and watch the bulk sales going to smaller processors, selling bulk packs of commodity-type lines like peas is not always very profitable. Findus, for example, claims to be quite satisfied with its small share of the bulk market. In its view it is far more profitable to concentrate on prepared foods where price is not of such paramount importance.

All the big companies see growth in this prepared food sector. Birds Eye is particularly optimistic about the potential for frozen cakes and deserts while Findus has recently launched a range of products specifically aimed at slimmers.

All seem optimistic about the future too. Certainly there have been problems over the last 18 months but with freezer ownership still increasing, they feel that 1977 was nothing more than a temporary setback for a basically healthy market.

Elinor Goodman

Popularity in U.S.

IN COLUMBIA, Maryland, a growing prosperous "new town," Giant Food Store offers its customers 68 different TV dinner combinations. There are five-course "hungry man" platters for big eaters, two-course entrées for small eaters, shrimp cakes, devilled crabs and fillets for seafood lovers, Weight Watcher dinners for dieters and Bavarian, Chinese and Mexican meals for ethnic food enthusiasts.

Near the TV dinners are the Pizzas—ranging from giant to bits of hors d'oeuvres—in cheese, cheese and tomato, pepperoni and deluxe with green peppers and mushrooms. The frozen vegetable section is a marvel of American merchandising, including what seems to be every possible packagable vegetable and a new Birds Eye line of mixed vegetables lustrously labled—San Francisco-style, Pennsylvania Dutch, Wisconsin Country, New England, Japanese, Chinese, Mandarin, Bavarian and Hawaiian.

It is in towns like Columbia that frozen foods enjoy their greatest popularity. It is very much a commuter community with a large proportion of working women who have little time to devote to food preparation. Its residents can and do afford to pay the somewhat higher costs of convenience foods. With more than 50 per cent of American women holding at least part-time jobs, industry specialists expect frozen food production to continue to climb as it has every year but two since 1939.

Giant Food, despite its extensive array of frozen foods, is one of the few chains to have cut back the space it allots to frozen products. Its managers, says Mr. Barry Scher, director of public affairs, noticed a drop in demand when food prices leaped 31.5 per cent during 1973 and 1974 and since then have cut back frozen food space by about 10 per cent.

But as if to confirm that Giant's cutback is not typical of the industry, Mr. Sam Martin, publisher of Quick Frozen Foods Magazine, asserts that while some products were hurt during the recession years, others spurted ahead. He predicts that the present leap in beef prices (a record 6.6 per cent in April) will move customers towards the cheaper frozen beef imports. In any case sales recovered well in 1976, and in 1977 Supermarketing magazine was expecting a 7.1 per cent increase over the previous year.

Growth of the $14bn-a-year industry shows no sign of abating. Americans have the highest per capital consumption of frozen products — they eat four times more than the British, says Mr. Hugh Symons, a research and technical consultant with Birds Eye UK, who is doing research on the industry here. In 1942 the average American diet contained 0.3 per cent of frozen foods. By 1975 that proportion had grown to 6.4 per cent. American Frozen Food Institute figures show annual consumption rising from 4.8 lb per person in 1942 to 89.7 lb in 1975.

Except for World War Two, frozen foods have made steady progress since Mr. Clarence Birdseye began developing quick freezing processes in the 1920s. Mr. Birdseye's interest was aroused, so the story goes, while fishing in Labrador. There he saw fish caught and frozen in mid-air in 50 below zero weather. When the fish thawed months later some were still alive. Mr. Birdseye then began experimenting with fowl, other game, and cabbage to develop a process which would retain the flavour of fresh food.

Development

Development faltered during the war years but in the 1950s, as Americans moved to the suburbs, food chains moved with them and frozen food production tripled — from 2bn to 6bn lb. In the 1960s Americans began watching the box with TV dinners and meat pies. The wide acceptance of prepared foods took production up to nearly 12bn lb. Today Americans have available almost anything which can conceivably be packaged and frozen—soups, sauces, candy, noodles, sandwiches, quiche, corn dogs, puddings, even snails.

Along with the spectacular growth in product types, the industry has spread to include some 20,000 companies, of which about 150 account for 90 per cent of production.

Nationwide, grocery stores have been reserving increasingly bigger space for frozen items. An A. C. Nielson Co. survey found that average space devoted to frozen foods rose from 185 linear feet per store in 1972 to 274 in 1977.

On the whole, industry executives say frozen foods are still "hot." Progressive Grocer in April published a poll of chain store executives in which 53 per cent said that frozen foods are achieving "better than average" growth.

In 1976, the year for which the most recent figures are available, frozen products made the highest sales gains of all food items, after refrigerated foods. The leading star in most areas was pizza, followed by frozen prepared vegetables, juices and whipped toppings.

Besides pizza, ethnic foods are achieving wide-spread popularity in the nation of multi-nationalities. Italian foods like ravioli and lasagna, are big sellers, and oriental dishes are available in wide variety. In 1977 Americans are expected to have spent $850m on Mexican foods, of which frozen items constitute a large percentage.

Despite its position as the world's leading producer of frozen foods, the U.S. export picture is not particularly stable. Tariffs imposed by Common Market countries have limited trade in Western Europe, says Mr. Martin, and of course many of the under-developed countries do not have the demand for refrigerated products. Sales of frozen beef and veal fluctuated from 1971-1975 but steady gains were made in pork (134m lb in 1975) and chicken (126m lb) salmon, vegetables, fruits and orange juice.

Industry sources are talking about new developments in three distinct areas — fish, foods designed for micro-wave ovens and institutional food purchases.

Although Americans in 1975 consumed some 120m lb of sea-food through retail outlets, much of this total included shrimp dishes, crab, clam cakes, fried scallops, fillets, fish sticks and chip dinners. "Americans simply haven't started eating fish properly, says Mr. Symons, "They eat seafood but not the mundane fish like cod."

In a paper to be presented next month, Mr. Thomas B. House, President of the American Frozen Food Institute, predicts that the growing use of micro-wave ovens is creating "yet another frozen food age."

"The natural compatibility of frozen foods with this fast, economical and energy-efficient means of food preparation is creating tremendous new marketing opportunities," he asserts.

By 1976 micro-wave ovens had been installed in 10.7 per cent of all American homes, according to a frozen food report which predicted a 15 per cent market penetration by 1979. This year micro-waves are expected to outsell gas and electric stoves combined. Meanwhile frozen food manufacturers are busy reformulating packaging and products for micro-waves—foil-wrapping will be eliminated—and a few varieties have already begun to appear in supermarket display cases.

Costs

The increasing use of frozen products by institutions and restaurants will spur the industry to even greater growth. As labour costs climb and the available pool of skilled workers shrinks, institutional buying is on the up-swing. In 1976, of the 5bn lb of prepared frozen foods produced, 3.8bn went to retail customers and 1.2bn to the food service market. The U.S. Department of Agriculture, in a limited survey of food processors, found that between 1968 and 1973 about 4,355 new frozen food products were introduced to the food service industry.

The restaurant business is doing well, and frozen foods will profit by it. Fast food outlets are drawing more and more families out to dinner. Americans are expected to be eating one out of two meals away from the home some time in the near future.

Despite the current rise in food prices, which some expect may turn many consumers to lower cost canned goods, frozen foods are expected to have a bright long-term future. The trend towards smaller families, the rise of single member households, the increase in working women in higher paid jobs, the emphasis on leisure time pursuits, the growth in disposable incomes—all these augur well for the future.

Nancy Dunne

Sales CONTINUED FROM PREVIOUS PAGE

the demand for bulk packs to fill the freezers.

Groups like Bejam stocked the leading brands like Birds Eye but they also sold many lesser brands packed in the sizes which the housewife wanted. The result was that Birds Eye did not do as well out of the early freezer boom as it probably could have done. In 1973 all the big manufacturers went into bulk packs. In retrospect they almost went too far, as the trend today is away from the giant 5lb. packs of say, peas, to medium-size packs which are better suited to the new smaller freezer.

Birds Eye now claims around 14 per cent of bulk pack sales as against 47 per cent of ordinary packs sold through supermarkets. Of the established manufacturers it was the third brand, Ross, which did best in this sector. It was already well established in catering and with only a very small share of the retail market it had little to lose by attacking the catering sector.

In the future freezer owners look like playing an increasingly important part in the frozen food market. Already 35 per cent of all British homes own a freezer as against nearer 5 per cent in 1970, and almost half of all the frozen food sold is bought by home freezer owners. By 1980 another 3m families are expected to have bought freezers but it may well be that they will buy most of their frozen foods from supermarkets rather than the specialist freezer centres.

The feeling among frozen food manufacturers is that the specialist freezer centres will expand rather more slowly in the future unless they start selling bulk packs of other groceries as Bejam is doing now. In 1977 the share of frozen food sales taken by specialist freezer centres eased from 36 per cent to 35 per cent last year while the multiple's share increased from 48 per cent to 53 per cent.

The increasing trend towards home freezer ownership has been evident throughout most of Europe. In some Scandinavian countries over two thirds of all homes already have a freezer while the proportion of families with freezers is greater in both France and Germany than it is in Britain. But in most countries, it has been the supermarkets—or more specifically the hypermarkets—which have benefited from this trend. Only in France has there been anything like the specialist home freezer centre interest there has been in Britain.

If the increased ownership of freezers is partly symptomatic of the housewife's desire to free herself from the tyranny of the kitchen, the increase in the number of meals eaten away from homes could be said to be another aspect of the same ball game. As such it could provide a mixed blessing for the frozen food manufacturers. In the U.S., where this trend has gone far further than anywhere in Europe, both the food manufacturers and the retailers are alarmed at the implications for prepared food sales of people eating more meals in restaurants.

Emphasis

But against this, many manufacturers think that the catering sector could provide a major growth market in the 1980s. In Britain Ross Foods is putting particular emphasis on this market and companies from outside the frozen food industry like United Biscuits are just beginning to move in—though margins on catering products are generally lower than on shop sales.

For the foreseeable future, however, it will be the shops which provide the main battleground for the frozen food manufacturers. In 1974 the International Trade Centre in Geneva predicted that all European countries with the exception of Switzerland would at least double their consumption of frozen foods by 1980. The signs are that many countries will achieve this. There are no obvious technical developments in any other sectors of the food industry which would appear seriously to challenge frozen food's role as the convenience food of the future. Indeed developments like micro-wave ovens may even help the industry.

Even so, in most of the established markets the growth rate is likely to be slower than it was in the 1960s. Most of the basic foods which lend themselves to quick freezing have already been marketed in this way, so new product development in the future is likely to be mainly of prepared foods aimed at particular segments of the market. In Britain, for example, Findus is now launching a range of calorie-controlled products for slimmers, while Birds Eye is aiming for quite a different market with its new range of desserts.

As one frozen food industry executive says: "We are not going to invent another frozen pea or fish finger overnight but there is plenty of room left for the right kind of new product." As he points out, volume lines are not always the most profitable. Over the past few years it has been sales of the prepared foods which have risen fastest while the commodity-type lines like peas have been subject both to the vagaries of fluctuating fresh food prices and to competition from cheaper brands.

The costs of raw materials

"THERE IS no problem of raw material supply for frozen food manufacture," according to one of Britain's leading producers, "but there are serious price and demand problems." And as in other sectors of the UK food industry many of these problems are blamed on EEC membership.

Raw materials for two of the industry's major sectors—meat and vegetables—are in basic oversupply, and though domestic supplies of fish—the other major sector—have been cut back drastically, worldwide availability is more than adequate.

In value terms fish is still the most important sector of the quick frozen food market, with sales in 1977 totalling £187m or 35 per cent of the market. In volume, however, it shares second place with meat products with a 22 per cent share.

The problems of the UK fish industry are well documented. Loss of access to the Icelandic fishing grounds, inadequate quotas under the EEC's common fisheries policy, and reduced fishing opportunities in non-EEC waters following the general switch to 200-mile national limits have all contributed to a serious decline in the UK catch of the white fish on which the frozen fish industry depends.

The British trawling industry's catch declined only 3.5 per cent in 1977 but this disguised a much more serious fall in cod landings. Out of a total catch of 900,000 tonnes cod accounted for only 146,000 compared with 212,000 in 1976 and 345,000 in 1970. The total catch level has been boosted meanwhile by a big rise in landings of mackerel, a fish little used by the quick frozen food industry.

As cod represents three-quarters of the frozen food industry's fish supplies the decline in catches has led to a dramatic increase in imports. Latest estimates put the proportion of fish that some larger companies now import at more than 50 per cent compared with a "normal" level of about 10 per cent. Cod landings in the UK during the first quarter of this year were 54 per cent down on the corresponding quarter of 1977 and if this trend continues imports will have to rise still further.

UK consumption of frozen fish is expected to rise by more than 60 per cent by 1985, giving it about 33 per cent of the total fish market. So if housewives remain steadfast in their insistence on cod-based products and the fortunes of the British catching industry do not improve dramatically, the frozen fish industry will have to change from a largely domestic operation to a costly import-based industry.

There has been little sign so far of any substantial change in the public taste for frozen fish, however, and while uncertainty remains on the final form the renegotiated EEC common fisheries policy will take there seems little prospect of a substantial improvement in the British cod catch.

The vegetables group occupies second place in the frozen food sales table with a 1977 total of £160m, equal to 30 per cent of the market. In volume terms it is the clear leader with a share of 50 per cent.

The clear leader within this sector is the potato. According to Ministry of Agriculture figures 142,200 tonnes of frozen potatoes (mostly in the form of chips) were produced in 1977 representing a sharp cut-back from the 1976 record of 177,100 tonnes. Birds Eye believes the cutback was even sharper and estimates output at about 120,000 tonnes only.

This reduction reflected partly the large carry-over from the previous season when housewives rejected high-priced potatoes (resulting from the drought) and partly the realisation that these same high prices were likely to lead to excessive plantings and a depressed market. This assessment was fully borne out by events and a further large surplus is believed to have been carried over into this year.

The problems of plenty which are besetting the frozen potato market are also, though less severely, affecting sales prospects for frozen peas. A very low crop in 1976, when only 75,600 tonnes of peas were frozen by the industry, led to excessive plantings last year and eventual production of 128,900 tonnes. This proved too much for the market and about 25,000 tonnes have been carried forward into the current season.

The manufacturers have cut back contracted acreages for both potatoes and peas this season in an attempt to clear these surpluses but there are fears in some quarters that many farmers may go ahead with their crops anyway in the hope of finding buyers later. If this proves the case these extra supplies will obviously depress the market further.

In 1977 sales of frozen meat products totalled £139m—a 26 per cent share—but this is the most buoyant of the major sectors and receipts are expected to climb to £166m (27 per cent of the market) this year. This growth is expected to continue and Findus has forecast that in volume terms meat products will be sharing the market leadership with vegetables at about 35 per cent each by 1996.

But this is not to say that the meat sector is suffering any fewer problems than fish or vegetables. In fact it is probably suffering more through Common Market-inspired market distortions than either of the others.

Beef is by far the most important raw material for this sector, with purchases currently running at about 60,000 tonnes a year, and it is the beef market which has been most severely affected by the EEC's common agricultural policy.

Commodity membership has cut the manufacturers off from many of their traditional suppliers, mainly in the Commonwealth and South America, and forced them to rely heavily on EEC production.

Birds Eye estimates that around two-thirds of the industry's beef supplies are imported, with about 15,000 tonnes coming from African, Caribbean and Pacific countries under the Lome Convention and most of the remainder from other EEC countries—mainly West Germany, Denmark, Ireland and France.

Many people in the industry are bitter at having to pay what they see as "artificially high" EEC prices for beef when cheaper supplies of meat more suitable to their purposes are available from third countries. There are arrangements under which third-country beef can be imported tariff-free but these operate in a way that precludes the frozen food manufacturers from making any significant use of them.

Manufacturing meat can only be imported directly into the EEC duty-free if it is to be used in products using a very high proportion of meat. This clearly rules out the beefburger—by far the industry's biggest meat product—in which a high proportion of meat "extenders" are used, and effectively limits this meat to the relatively minor "sliced roast beef in gravy" market.

The other way of importing manufacturing beef from third countries without paying duty is through the so-called "Jumenage" system. But this involves buying equivalent amounts of beef from the EEC's intervention stocks at "inflated" prices. Since this intervention beef is not suitable for manufacturing purposes — it needs too much trimming and preparation — the premium effectively applies to the third country imports, removing the advantage of duty-free access.

While EEC support prices remain at a level which encourages over-production these problems are likely to remain.

The remaining frozen food products, consisting mainly of confectionery and desserts, account for about 6 per cent of the market. But this is the main growth sector and the market share is expected to have reached 12 per cent by 1996.

These products are obviously less dependent on any single raw material than the major product groups but some manufacturers have experienced problems over the rising price of cream, partly because of the EEC's dairy regime. Artificial cream seems, judging by housewife reaction, to present a quite acceptable alternative, however, so these problems are unlikely to prove insurmountable.

Richard Mooney

A large frozen food store.

Retailers devote more space

FOR A NATION where shopkeeping has always been something more than just a tradition, it is hardly surprising that Britain leads the way in one of the retailing phenomena of the 1970s: the home freezer centre. In no other country—including the U.S.—has the home freezer centre assumed such a prominent position in the retail market as it has in Britain. Only in France has the retail trade set out to establish freezer centres like the internationally-known company Bejam. And that in France has happened only recently.

Yet according to a survey carried out by Birds Eye, the subsidiary of Unilever which is the world's largest frozen food group, Britain only achieved fourth place in the international consumption of quick frozen foods league table. The U.S. is way out in front, followed by Sweden, Denmark, and then the UK.

Within the UK market home freezer centres are the fastest growing sector of the retail end of the frozen foods industry. In the past year the share of the market captured by freezer centres has risen from 16 per cent to 19 per cent. But the main outlet for frozen foods in the UK still remains the multiple chains which account for some 40 per cent of trade.

The Co-operative stores maintained their share of the market at 12 per cent with the symbol-supermarkets accounting for 9 per cent. Independent grocers and other types of store accounted for the rest of the market.

Over the past six years the number of shops, excluding specialist freezer centres, with frozen food cabinets has slumped from 122,000 in 1972 to 98,900 in 1977. However, because multiples nowadays usually instal three or four frozen cabinets in supermarkets total in-store frozen food capacity has risen substantially.

Allocation

Retailers' allocation of floor-space to frozen foods is about four square metres on average in the UK. In the United States, where frozen food sales are much higher, the allocation for frozen foods tends to average about 10 per cent of the total retailing space. UK retailers, therefore, can be expected to increase their allocation of freezer capacity as demand grows. A recent survey, carried out by Birds Eye, reinforced this trend out.

Some 200 store managers from ten top retail chains were asked how much additional floor space for frozen foods would be needed by 1980. Over 40 per cent said that frozen foods would account for 10 per cent or more of overall floor space by 1980. Up to 25 per cent felt that as much as a fifth of their floor space would be devoted to frozen foods by that time—and some put the total even higher.

The retailers were also given the chance to say which of the main categories of frozen food would demand the greatest increase in display by 1980. The four categories are frozen grocery foods, ice-cream, meat, and dairy foods. Only one in 25 of the 200 retailers felt that frozen foods would not require more space by 1980.

Of the majority, however,

CONTINUED ON NEXT PAGE

A new distribution network

BOC INTERNATIONAL, the engineering group, recently announced a slightly surprising move for a company whose chief claim to fame in the 1970s has probably been a tough takeover battle in the U.S.

In May it revealed plans to set up a nationwide chain of cold stores in the UK from a base in Kings Lynn, Norfolk. The plans have been hatched in conjunction with Anglia Frozen Foods, the processors, and Frigoscandia, bulk storage operators. The chain should be completed by the early '80s.

The idea is to provide freezer food chains, supermarkets and cash-and-carry stores with a faster and more hygienic service. Retailers will get drops from several manufacturers, and this will help the quality of their selling effort.

The move becomes slightly less confusing for the corporate analysts when they realise that BOC has been distributing chilled food for Marks and Spencer, via another subsidiary, since the early 1970s. It now wants to use this expertise to penetrate one of the biggest growth areas in the food industry. Last year, total spending on frozen foods rose from £620m to just over £700m, an increase of 13 per cent.

But the precise areas of expansion in frozen foods give BOC's move an extra strategic significance. The real growth in the market recently has come from spending on freezer foods which has risen so rapidly during the past ten years that it is now within sight of overhauling expenditure by non-freezer owners as the main constituent of total outlays on frozen food.

Figures produced by Birds Eye illustrate the point. Last year, spending by freezer owners reached £245m, or about £40m less than the £288m by non-freezer owners. In 1972 the comparable figures were £30m and £165m.

Initially, independent freezer retailers like Bejam serviced most of this market. Larger retailers were content to leave the market to the independents, possibly because of the high capital costs for both retailer and consumer of freezer food. Bejam, which now has over 120 branches and which went public some years ago on the back of its boom prospects, has seen sales rocket to nearly £80m since it was set up in 1968.

But as the independents have grown, so the larger multiples like J. Sainsbury, Tesco and the Co-op have started to add freezer centres to their stores in a bid to compete in the market. Effectively, the multiples have declared war on the independent freezer operators. A recent list of spending plans of the operators gives an impression of the scale and intensity of the competition.

The Co-op, which has spearheaded the involvement of grocery chains, has 121 separate freezer centres plus 235 in-store outlets. Tesco, now launching a big push to get into the market, has three separate freezer centres and is considering developing more. But it also has freezer sections in 350 stores.

ASDA has freezer sections at all 62 outlets. Sainsbury has freezer capacity at 75 of its 184 stores, owns 15 separate freezer centres, and has another 24 integrated within supermarkets. Other leading multiples like Fine Fare, Key Markets, Allied Suppliers, Caters, Gateway and Macfisheries are also heavily involved in the freezer market.

"Most of the bigger freezer chains have continued to expand despite difficult trading conditions and increased competition from grocery outlets," notes Birds Eye in its annual survey. It calculates that Bejam, still the largest freezer operator, opened 17 new branches last year, and has 20 more planned for this year. Dalgety opened two new ones, and has eight more planned. Manchester-based Cordon Bleu also opened two, and has another six in preparation. Dewhurst added 11 branches to retain its place as the second largest freezer centre chain with 57 outlets.

As the multiples and the independents slug it out for dominance, low-cost and efficient distribution becomes a major factor in the operators' arithmetic. The point was made neatly in a recent survey on the frozen food market: "Because of the present frozen food market share out between the three major companies and the intense competition in-store, distribution has become a major flexible factor to increase sales by all involved. Greater sales depend on getting the frozen goods to where and when they are needed at a cost-effective price. The changing nature of the market place from independent small retailers to superstores and discount houses plus the rapid rise in transport and storage costs means that firms are constantly looking for greater efficiency in their storage and distribution costs. Economies of scale can only be achieved by larger orders and greater sales in smaller areas."

BOC's move is clearly well timed relative to the requirements of the market. It will compete with a number of well-established major operators.

One of the leading distributors is Unicold, formed by Birds Eye, the Unilever subsidiary, with SPD transport another offshoot of Unilever. Unicold has about 400 vehicles and 34 computerised depots. Ross Foods uses a computer to control the movement of 1,000 product lines from factory to depot. Its fleet of 65 long-haul vehicles can deliver to the depot within 24 hours of an order being accepted. The actual distribution company, MDC, has 200 lorries to deliver frozen products on pallets from depot to shop. Findus, the other leading food processor, uses Alpine Refrigerated Deliveries, jointly owned with J. Lyons, which has 60 depots, 600 lorries, and services 60,000 outlets.

Calculation

Other frozen food companies use a combination of direct to depots, wholesalers or cash and carry; direct to retailer; shared transport facilities; and own brand distributors. Own-brand distribution works well for small companies who cannot afford their own distribution sales or marketing service.

A recent calculation estimated that there were about 100 cold storage depots in the UK, covering over 130m cubic feet of space. The largest included Christian Salvesen, Union Cold Storage and Frigoscandia.

Intense competition at the retailing and distribution sections of the business possibly results from the monopoly exerted by one company—Birds Eye—at the processing end.

The Monopolies Commission, which reported on the frozen food market in late 1976 summed up the position in its analysis as follows: "In the supply of frozen foods to the retail trade (excluding home freezer centres) Birds Eye is by far the largest supplier, even though in recent years a number of new suppliers have entered this part of the trade. Birds Eye's major competitors are Findus and Ross Foods, each supplying a product range comparable to that of Birds Eye and a number of smaller companies supplying retailers' own brands."

"Entry into the retail sector of the market would seem difficult for small companies supplying a substantial range of goods under their own brands because of the high costs of small scale distribution.

"Although the three major suppliers compete in product quality, in discounts, promotions, and advertising, and in new product development as well as in price, the situation, as far as prices are concerned, has been characterised in the past as one of price leadership on the part of Birds Eye, with Findus and Ross generally following its lead. Birds Eye's larger sales and long-established position in the retail trade give it important advantages over both Findus and Ross Foods. Among these advantages are we believe economies of scale principally in the distribution of frozen foods and also in production advertising sales promotion and product development.

"Because the products of the three major suppliers are broadly similar in quality, Findus and Ross Foods have until recently been unwilling to sell at prices at above those of Birds Eye for fear of losing sales, yet have felt unable to undercut Birds Eye's prices to any significant extent."

Mr. Edward Whitefield, managing director of Management Horizons, the London-based retail technique specialists, forecast that the entry of BOC to this market could signal a decisive turning point. "The advantages which specialist freezer food operators have always enjoyed of first-class supply lines and quality control will be sharply eroded, possibly within three years," he said.

Volume sales could decline as a result, especially since the problems of finding new sites would prevent the specialists from accelerating out of trouble through new openings. The back-up to the multiples from better supply lines would enhance their selling appeal and discourage the housewife from making a separate special trip to the freezer centre.

Christopher Dunn

Retailers

CONTINUED FROM PREVIOUS PAGE

nearly two-thirds put frozen grocery foods at the top of their lists, with dairy foods second. The bulk of those surveyed expected to see a sharp rise in the number of different packs of frozen foods stocked by 1980.

Given this optimism by retailers it is surprising that there is not a greater incentive to make more efficient use of frozen food cabinets. Many retailers have insufficient back-up storage capacity which prevents them from restocking top-selling lines quickly and using the remaining space for a wider range of products.

In a survey of 2,500 superstores and supermarkets carried out by Birds Eye, a fifth were found not to have any back-up storage for frozen foods. Mr. Albert Heijn, who runs Holland's biggest food trader, told a recent grocery conference in Ireland that limiting the range of frozen foods being sold, because of lack of space, did not make sense.

This view was echoed by Mr. Bill O'Gorman, chairman of W. H. O'Gorman Ltd., Britain's largest refrigeration contractor to supermarkets. "Twenty years ago an average new supermarket had only about £7,000 invested in display cases and cold rooms, now it's more like £150,000," he says. "However, there is still a lack of back-up storage in many of the larger stores. Retailers tend to consider storage and cabinet space on the basis of forecasts for only one year ahead. More often than not, they are buying short."

Preference

He adds: "We must encourage retailers to take a longer-term view of the market. If they want to look into the future, they have to first look into the past and the growth of frozen food sales speaks for itself."

British retailers, however, seem to have a marked preference for imported display equipment according to figures published by the Customs and Excise. In the past five years, imports of display equipment have outstripped home production.

But British manufacturers are experiencing increased demand and are beginning to be more aggressive about marketing and publicity. Mr. Philip Cummins, sales director of Carter Refrigeration Display Ltd., which manufacturers supermarket display cases, explains: "In the first half of 1978 we were due to carry out frozen food display case installations in supermarkets altogether worth over £500,000 which is about 12-13 per cent ahead of last year's comparative figures in real terms."

Dusseldorf's Euroshop '78 exhibition in April showed that the major refrigeration display case manufacturers have invested heavily in further improvements in the technology and styling of frozen food cases. Technical changes have been aimed at reducing operating costs with better temperature control and improved reliability.

On the consumer side, research has shown that buyers of frozen foods tend to shop around for either price or variety. A study over an eight-week period shows that only one major multiple or symbol group—excluding freezer centres—appears to attract more than half of all its customers' spending on frozen foods. The average is around 40 per cent.

Another trend apparent from research over the past year is a sharp rise in the number of fridge freezers being bought. This is influencing the source of freezer owners' purchases as the increased share of the freezer foods market taken by supermarkets demonstrates. One effect of this is to narrow the distinction between retail and bulk pack sizes. There is undoubtedly a swing to smaller packs by freezer owners.

David Churchill

Development in equipment

COMPRESSOR and condenser units are the guts of any refrigeration system and radical changes in design are rare. However, in April a new rotary gas compressor—the AGR—was unveiled by a British manufacturer. It has been designed and developed by Prestcold Holdings, the largest member of British Leyland's SP Industries group, formerly the Special Products Division.

Following field trials this year it is to be manufactured in sizes ranging from 3hp to 30hp at Prestcold's Theale plant in Berkshire. The AGR is designed to combine the advantages of both the hermetic and open compressor while avoiding the disadvantages of both.

The company has spent £1m developing this multi-role compressor during a period of worldwide depression in the industry. It is hoped that it will have uses both in the refrigeration industry and in the growing market of air-conditioning units.

The AGR's main advantages include its ability to function as a gas motor as well as compressor and its high volumetric capacity. It could open the way to the use of low density refrigerants and has wider applications as a high temperature heat pump.

Prestcold is Europe's major industrial and commercial refrigeration group, with more than 80 per cent of the UK compressor and condenser unit market. The company also claims 40 per cent. of the European market for semi-hermetic compressors and 5 per cent of the hermetic market in Europe.

In Europe the main companies producing hermetic compressors include the Danish company, Danfoss, the Spanish company, Unidad Hermetica and the Italian company, Necchi. Japan is an increasingly important market, but while the U.S. remains the biggest market for hermetic compressors it is not open to Prestcold because of licensing agreements.

Prestcold shares the European market in semi-hermetics with companies like the German DMW, which also has plants in Belgium and France.

Prestcold exports half of the production from its four UK factories to more than 90 countries through its subsidiary Prestcold Searle International. It has subsidiaries in Canada, South Africa, Germany and France. Like its competitors in Europe Prestcold has been hit by what it describes as "a very depressed world market."

However, turnover rose last year by 38 per cent to £61m, of which £13m came from direct exports and a further £6.5m from its overseas sales companies. Profits before tax and interest were £2.5m last year against a budgeted £4m, reflecting falling prices and squeezed profit margins. In spite of this investment has been maintained, with £4.5m spent in 1977 and £5m due for investment this year.

Prestcold's dominance of the home market is reflected right across the range of compressor sizes and condensing units and the company therefore provides a valuable insight into the equipment market at both the retail and cold storage ends.

Until the mid-sixties Prestcold was a household name in home refrigeration but the pressure of foreign imports, particularly from Italy, forced it to withdraw from the "white goods" market. One company official explained: "Importers were selling fridges cheaper than Prestcold could make them."

But the company continues to be the main supplier of small hermetic compressors to the domestic fridge manufacturers like Thorn, although LEC continues to make its own equipment. Last year it consolidated its hold on the UK market when Frigidaire, the U.S. concern owned by General Motors, gave up making compressors in Britain and instead is now buying them from Prestcold for sale under the Frigidaire name.

There are two discernible trends within the home freezer market, both of which are said to be related to the pressure for space saving. One is the move away from chest freezers towards upright versions and the other, more pronounced trend, is towards fridge-freezers.

Figures produced by the Food Freezer and Refrigeration Council for April this year show that 91 per cent of homes in Britain now have a fridge. Home market sales of fridges, including fridge freezers, totalled over 1.5m last year and British manufacturers exported slightly more than 250,000 units.

In 1977 one in every four families had a freezer; this figure is increased to 36 per cent if fridge freezers are included. By 1980 it is estimated that 50 per cent of all households will own a freezer or fridge-freezer.

Sales of freezer units appear to have peaked in 1975 at about 0.85m and last year fell back to about 0.75m. The drop is more than compensated for, however, by increasing fridge-freezer sales, which grew by 34 per cent last year to reach 570,000.

Domestic fridge and freezer equipment uses hermetic compressors — sealed units which must be replaced if they fail. Prestcold manufactures a series of these units at its Glasgow factory. They range in capacity from a fourteenth of one horse power to 3 horse power and have many uses besides domestic refrigeration. These include use in air conditioning equipment and ice-making machines. Commercial and industrial refrgeration demands that the units must be serviceable and therefore semi-hermetic and open compressors are manufactured with capacities ranging from 0.25 hp to 70 hp for the larger open compressor types.

Where large storage or sales areas are involved these units will often be arranged in series in a plant room circuited to display cases in a supermarket play cases and coldrooms. The often reflect only a fraction of the store's refrigeration capacity for there may well be a series of cold stores and preparation rooms behind the sales area.

Refrigeration has applications not only in the retail sphere but also in catering and in special settings like hospital blood banks. Prestcold acts as refrigeration consultant, installer and service engineer in these markets and is the main contractor for many of the big stores and supermarket chains.

The company claims 70 per cent of all UK retail contracting work, more than half of which is for the food industry. Recently it completed installation work on the Bristol Carrefour hyper-market which includes 10 coldrooms totalling 54,000 cubic feet capacity, four preparation areas and 700 linear feet of display cases.

Prestcold is not involved in manufacturing the display case bodies or shelving. There are many companies making cabinets, one of the best known is perhaps Royale. One particular trend in this field is towards wide-island freezer displays, particularly for the display of bulk home freezer packs, and away from vertical display cases set against shop walls.

Once the plant is installed Prestcold has 800 radio-controlled vehicles operating out of more than 50 depots to provide a maintenance service.

The company designs refrigeration plant for cold stores up to about 0.25m cubic feet using open compressors in series. Above this size companies like Hall-Thermotank can provide reciprocating compressors up to about 750 hp. Other forms of compressor like the screw compressor are also used for large cold storage plant.

In 1974 there were 100 cold storage depots in Britain, with about 134m cubic feet capacity. The three largest operators are Christian Salvesen, which owns about 40m cubic feet, Union Cold Storage and Frigoscandia.

Christian Salvesen's clients include Marks and Spencer, Sainsbury, Kraft and County Fare. The company at present has 12 depots in the UK, with two under construction, and works on a basic storage unit of 1.2m cubic feet. Its largest UK cold store is near Grantham in Lincolnshire and consists of six 1.2m cubic feet units grouped together. The company also has a depot in France at Boulogne and is building another at Orleans which is due for completion next year. A third European depot is planned for an as yet undisclosed site.

The standard form of construction for cold stores is double steel walls with an insulating filling like polyurethene or polystyrene. The future trend may be to replace the steel with fibre-reinforced concrete sheeting while retaining a modular form of construction.

Inside the stores the major trends are towards more automated forms of storage and mechanical handling. Christian Salvesen has introduced mobile racking into some of its cold stores and forklift and pedestrian stackers are likely to be at least partially replaced by overhead cranes.

Despite the depressed state of the refrigeration equipment industry there are two clear areas of expansion—air-conditioning and heat recovery equipment. Prestcold took a further step into the air-conditioning market in 1976 by acquiring Searle from Hall Thermotank for £2.5m. A heavy investment programme at its plant at Fareham, Hants., has followed.

The demand for more efficient use of energy is also likely to make the use of equipment for extracting heat a growth area. Prestcold sees heat recovery—for example, using the heat extracted in a cold store to ripen fruit in another store—as one of the main areas of future development.

Paul Taylor

FARMING AND RAW MATERIALS

EEC opposes world zinc cartel move

BY MARGARET VAN HATTEM BRUSSELS, June 22.

THE EEC Commission has proposed Community approaches to President Carter, asking him to reject demands by U.S. zinc producers for restrictions on imports and a sharp rise in import duties, which would hit Community producers hard.

It also hopes to persuade other major producers, such as Australia, Canada, Spain, Finland and Norway, to "take a global view" and avert a move towards protectionist measures.

However, it considers that the present crisis in the zinc industry, which is causing Community producers losses of about $2m a year, is cyclical not structural, and indicated today that it would oppose any attempts to form a "crisis cartel."

The Commission's proposals, forwarded to the Council of Ministers last night, aim to form a united stand among the Nine before the special meeting of the International Study Group for Lead and Zinc, to be held in Vienna on July 3-5.

According to the Commission, the present situation in the industry, with world zinc prices at about $550 a tonne and EEC production costs at about $750, is mainly due to over-production.

A slight recovery in zinc consumption in 1976 and 1977 from the depressed levels of 1975 was misinterpreted by producers, whose stocks had risen to 845,000 tonnes by the end of last year, from 212,000 tonnes in 1973. The cost of maintaining these stocks is causing heavy losses.

U.S. producers are seeking to have imports restricted to 350,000 tonnes over the next five years, and to have import duties raised to 7 cents a pound (27 per cent of the price) from the present 0.7 per cent.

Though the U.S. International Trade Commission has rejected these demands, the ultimate decision rests with President Carter, and is expected within a month or two.

Approval would hit Community producers hard, the Commission said today. Not only would it severely limit Community export potential (last year 10 per cent of EEC production went to the U.S.) but it would also encourage other major exporters (such as Canada, Norway, Finland and Spain) to try to offload on Community markets what they could not sell to the U.S.

Europe acts against chrome dumpers

BY OUR OWN CORRESPONDENT BRUSSELS, June 22.

THE EEC Commission has decided to impose provisional anti-dumping duties on imports of ferro-chromium from South Africa and Sweden.

This follows complaints from German, French and Italian producers, whose output fell by about 17 per cent between 1974 and 1977, while the Swedish and South African combined share of Community markets increased from 19 to 45 per cent.

Commission investigations have shown that Sweden and South Africa have been dumping ferro-chromium at prices about 10 per cent below those they are getting on their domestic markets. The new duties will be calculated to make up this difference.

The Commission said today that price-cutting by Sweden and South Africa had depressed Community prices to such an extent that EEC producers were no longer covering production costs. Several plants in Italy have been forced to close.

The Commission said the situation had deteriorated sharply in the first few months of this year, following a spectacular increase in imports.

The new measures are aimed primarily at South Africa. Total Community imports of ferro-chromium in 1977 were 300,000 tonnes, of which South Africa accounted for 159,000 tonnes.

COPPER SALES

Sales of blister copper produced by O'okiep Copper are being handled exclusively by the company and its South African subsidiary, O'okiep Sales (Proprietary).

The sales agency agreement between Ametalco and O'okiep Copper is now ended.

Eire threat to block fish deals

By Our Own Correspondent

DUBLIN, June 22.

THE IRISH Fisheries Minister has threatened to veto fishing arrangements between the EEC and non-member countries, and to close fishing grounds off North-west Ireland. This is in response to the continued failure to achieve an EEC fishing policy.

The most immediate problem facing the minister, Mr. Brian Lenihan, is the threat by Mr. John Silkin, the British minister, unilaterally to close the Scottish herring grounds. He fears that boats fishing there will move south to the grounds off the Donegal coast.

Mr. Lenihan plans to close these grounds except for the inshore belt traditionally fished by Irish boats.

His more general problem is the need to operate the fishing plans he agreed with the EEC, despite considerable political opposition. Mr. Lenihan needs to have these working, and seen to be working, and hopes his threat of a veto on third-country deals may get the stalled talks moving.

Such a veto is Ireland's most effective weapon because, with no deep-water fleet, it has no interest in third-country deals.

Delays may hit Colombia coffee sales

BOGOTA, June 22.

COLOMBIA'S COFFEE exports could be reduced because of port congestion at Buenaventura, normally the country's most active port, according to the Colombian National Association of Industrialists.

Sr. Fabio Echeverry, head of the Association told President Lopez Michelsen: "Indications are we will not be able to export more than 500,000 sacks of coffee per month apart from exceptional months."

He said 10 ships were docked at Buenaventura, 10 more riding anchor outside waiting to dock, while six scheduled to call and three due to unload continued their voyages because of lack of facilities.

Port warehouses are practically full, so the National Coffee Federation has suspended the granting of customs permits.

● On the London futures market, meanwhile, prices fell again in response to the continuing mild weather in Brazil. At the close September coffee was £1,494.5 a tonne, down £59 on the day. Minimum overnight temperatures in the coffee areas were about 13 deg. C. on Wednesday night.

'Nothing to fear' in lamb plans

BY CHRISTOPHER PARKES

NEITHER BRITISH consumers nor New Zealand lamb exporters have reason to fear the Common Market's plans to reorganise Community trade in mutton and lamb, according to the National Farmers' Union.

On the other hand, bringing the trade under the umbrella of the Common Agricultural Policy could lead to a 20 per cent rise in UK sheep production over five years, Mr. David Parker, chairman of the NFU livestock committee told MPs investigating the EEC's ideas.

There was scope for this expansion without harming New Zealand, he said.

Mr. Parker complained of the "unnecessary barrage" of reports on how a common regime governing lamb would push up consumer prices.

"There is nothing in the proposals that will cause the price of lamb to rise any more than it would otherwise do," he said in evidence to a Commons committee.

Advantages

The Ministry of Agriculture has suggested a price rise of 10-15 per cent. New Zealand shippers fear a jump of 25-40 per cent. Mr. Parker said that even without a common sheep policy there was bound to be some natural harmonisation of prices in the EEC. This was already happening to some extent.

He made clear for the first time that the National Farmers' Union would not be satisfied with a simple agreement between France and Britain allowing free trade in lamb between the two countries. France might soon face action in the European Court of Justice over its periodic bans and heavy taxes on imports of British lamb.

Sheep farmers wanted the advantages gained for other major commodities through the mechanisms of the CAP. It was only logical, Mr. Parker said, that lamb should be treated in the same way as other farm products.

Mr. Philip Butcher, an NFU commodities expert, claimed many people had wrongly assumed that harmonisation of lamb prices would mean only price increases in Britain. There would be reductions in France, he predicted. These might help boost consumption.

Commenting on reports that consumption could suffer dramatically from price increases, Mr. Parker said that the price of lamb in Britain had risen 50 per cent in three years while sales had dropped only 9 per cent.

Mr. Butcher stressed that in spite of all fears about inclusion of a "safeguard clause" in the proposed EEC lamb regime, GATT conditions ruled out any import controls more onerous than the existing 20 per cent ad valorem import duty charged on lamb from New Zealand.

New boost for cocoa

BY OUR COMMODITIES STAFF

COCOA PRICES on the London futures market yesterday resumed the upward trend which had been interrupted by Wednesday's sharp sell-off.

Reports that a serious oil shortage had brought commercial activity in Ghana almost to a standstill triggered a £40 permissible limit advance soon after the opening and nearby prices made further gains during the morning.

Values eased back early in the afternoon but a renewed upsurge near the close left prices near the day's highs with the September position quoted at £1,812.5 a tonne, up £48 on the day.

The Ghanaian Government said the oil shortage, caused by the failure of a contracted shipping company to lift crude oil from Algeria and Nigeria and deliver it to Ghana, has reduced stocks by 25 per cent. Road transport from up-country farms has been affected badly and it is feared that cocoa shipments may be delayed.

In London, however, the trade did not seem too worried by the news from Accra. It was the speculators who were most impressed, though even they are thought to be maintaing a fairly cautious attitude to the market.

From Kuala Lumpur, meanwhile, Reuter reports that Malaysia's planted cocoa area is expected to nearly double to 60,000 hectares by 1980 from about 33,000 hectares currently, according to Ishak Bin Pateh Akbir, secretary-general of the Malaysian Agriculture Ministry.

He told a cocoa planter's conference that the planted area was expected to rise to about 250,000 hectares by the turn of the century.

CHINESE AGRICULTURE

Pilgrims flock to learn from Tachai

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

TACHAI IS the best known village in modern China. It lies 3,000 feet up in the Taihang mountains in Shansi province, some 300 miles south of Peking.

The landscape at the time of liberation (the Communist takeover) was unpromising. A series of steep ravines, with no more than half an acre of level land.

The fields, 4,700 of them on the 130 acres, were tiny and sloping, so that they were unable to retain water, earth and fertiliser after any downpour. The grain yield was 0.3 of a tonne a hectare. Today it is 7.5.

What with the difficult surroundings, the sufferings during the Japanese invasion and the alleged extortion of the landowner and three rich peasants the inhabitants had literally a very thin time.

Today after nearly 30 years of quite remarkable effort and many setbacks both climatic and political, the village is providing for 450 inhabitants in reasonable conditions, with new housing, schools and all the appurtenances of modern Chinese living, austere as they are.

The villagers were led for much of the time by a local man, Chen Yung Kuei, now a vice premier of the State Council in charge of agriculture.

Impressed

In 1964 Chairman Mao visited Tachai, and was so impressed with what he saw that he issued the call "Learn from Tachai." Ever since then the village has been a show-case farm, visited by up to half a million Chinese annually, and by many foreigners.

During the day I was there, more than 1,000 Chinese arrived complete with notebooks and cameras, plodded round the hillside roads, visited the new housing and other amenities and returned to their distant homes to spread the gospel.

The message is quite simple. If China's present scanty food supply is to be increased, more cultivable land will have to be provided and more irrigation and fertiliser used.

Over the years the Tachai villagers have created 1,500 irrigable terraces, and since 1970 these are being reconstructed into larger fields. This has been made possible by changing from the old system of flood irrigation, requiring absolutely level land, to the use of spray techniques which both save water and do not require such critical levelling. The larger fields also allow for the use of some mechanisation.

Tachai is lucky in its surroundings. The steep and eroded mountains of Shansi are covered with loess soil to a great depth over rock. Loess soil, which covers much of Central China, is said to have been blown from the Gobi desert aeons ago. It is an extraordinary soil. In can be tunneled into—in fact many people still live in caves in it—but once broken down and fertilised becomes good friable soil.

Carving the hills into terraces provided few problems, although subsequent floods washed many of them out. Today many of the terraces have been rebuilt with granite retaining walls.

This work is still going on all over the area with a little help from tractors but mainly by hand. In fact the landscape has been so terraced that all the contours are on the square, a most extraordinary sight.

How much more scope there is for making more land by terracing is impossible to say, but I saw from the train plenty of land which would have been made more productive by the use of spray irrigation, without excessive levelling for growing any crops, except rice.

It is not generally considered economic to irrigate cereal crops, but Chinese farming cannot be judged by normal economic criteria. The crops are desperately needed. So the cost of bringing water to the more remote areas is, in terms of resources used, not really counted.

There is ample labour. Water and power to pump it are adequate, I was told. Although distance from water is a problem, there are no insuperable obstacles to bringing it and spray irrigation would probably materially reduce the quantity needed.

One of the lessons of Tachai is the emphasis on fertility, and particularly the need for humus, which is met by composting almost everything: dung, night soil and so on. On one intensive farm, I was told, that they used the dung from six pigs an acre and would like it to be 18. But of course there is not at present the feed for such numbers of animals, most cereals being reserved for human food. But in practical terms the supply of humus is not as critical for production as that of fertilisers.

Formula

Nitrogen is increasingly used, but even on Tachai, the application per crop is at present about half that in Europe under similar cropping. I was told in Peking that by 1985 there would be sufficient nitrogen, and a large number of fixation plants are under construction. Phosphate and potash are apparently available.

Chinese farm output at present is estimated at 280m tonnes of everything including a formula for calculating potatoes, pulses, millet—everything humanly edible in fact and the intention is to increase this to 400m tonnes by 1985.

I see no reason at all why this should not be achieved as long as the water, irrigation equipment and fertiliser are made available. Because where they are already provided, as at Tachai, the Chinese certainly know how to use them.

I won't forget Tachai. The beds in the guest houses where I spent two nights were just boards with a blanket over. At 5 am I was quite ready to get out into the fields to join the other visitors.

World sugar crop estimates increased

F. O. LICHT, in his fourth and final estimate for 1977-78, put world sugar production at 93,045,000 tonnes against his third estimate of 92,449,000 tonnes, and 1976-77 production of 87,452,000 tonnes.

This was much in line with expectations and had very little impact on sugar futures.

The increase over the third estimate was mainly due to revision in the Cuban tonnage to 6.9m from 6.2m tonnes. Earlier this week Cuban President Fidel Castro said he expected the Cuban crop to exceed the planned target of 7.3m tonnes. Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange following the lower New York market overnight. Forward metal started at £723 but when stops were touched off at £720 slid to £713. Consumer buying at the lower level was not strong enough to hold out against stop-loss ...

Kerb of £716. Turnover 27,400 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £725, 16, 15, 14, 13, 12, 13, 13.5, 13, 14, 15, 14, 14.5, 14, 13, 16, 15.5, 16, 16.5, 16. Cathodes: three months £712.5, £712. Kerb: Wirebars cash £692.5, three months £716, 15, 14, 13.5, 13, 13.5, 14, 13.5, 15, 15.5. Afternoon: Wirebars ...

the weaker trend. But the decision of Sozacom not to change its force majeure and an expectation of lower warehouse stocks caused a rally to a close on the ...

... up to £6,550 before closing on the Kerb at £6,560. Turnover 1,905 tonnes.

Morning: Standard cash £6,660, three months £6,520, 10, 20, 40, 35, 40, 45. Kerbs: Standard three months £6,550. Afternoon: Standard three months £6,330, ... 45, 50, 55, 60. Kerbs: Standard three months £6,550, 60.

LEAD

ZINC

SILVER

COCOA

COFFEE

GRAINS

RUBBER

VEGETABLE OILS

JUTE

MEAT/VEGETABLES

SUGAR

LONDON DAILY PRICE (raw sugar) £95.00 (same) a tonne cif for June-July shipment.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £165.00 (unchanged) for export.

International Sugar Agreement price for June 21 U.S. cents per pound fob and stowed Caribbean port: Daily 6.96 (6.84), 15-day average 7.31 (7.37).

EEC IMPORT LEVIES—Effective today for denatured and non-denatured sugar in units of account per 100 kilos (previous in brackets). White 27.23 (27.11). Raw 22.46 (same).

SOYABEAN MEAL

WOOL FUTURES

PRICE CHANGES

Prices per tonne unless otherwise stated.

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

COTTON

I.G. Index Limited 01-351 3466. September Cocoa 1807-1818
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

More milk goes for butter

By Our Own Correspondent

DAILY SALES of liquid milk in England and Wales continued downwards again last month, falling 200,000 litres to 17.9m litres compared with 18.1m a day during April and 18.6m litres in May last year.

Because less milk was drunk the amount diverted into the already glutted butter market increased again. Use of milk for manufacturing was 9 per cent higher than in May 1977.

Milk production during the month was also higher—3.2 per cent up on May 1977 at 1.27bn litres.

Biggest increases came from the North of England and South Wales. The rise in output was also above average in the South West. Production in the South East was unchanged.

£1m investment

MIDLAND-BASED St. Modwen Securities will invest more than £1m throughout Cornwall in the next three years, developing industrial sites in the main population areas.

The company is seeking the support of local authorities in the county. Meetings are planned with council officials, with the aim of launching joint schemes.

Mr. Michael Mutimer, St. Modwen's managing director, said: "Our initial aim is to provide smaller firms with new premises, as speedily as possible, and at the same time help to create more jobs in these areas."

U.S. Markets

Metals hold steady, sugar eases

NEW YORK, June 22.

COPPER CLOSED lower on renewed speculative liquidation and stop-loss selling. Precious metals closed on a steady note on renewed Commission House buying and short-covering despite a stronger U.S. dollar. Sugar eased on trade hedge selling and local short selling. Cocoa reversed yesterday's declines on fresh speculative buying despite trade arbitrage selling, Bache reports.

STOCK EXCHANGE REPORT

Equities down again but pressure begins to ease

Funds unsettled despite rally from lowest—J. Lyons weak

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets failed to shake off the underlying uncertainty which has characterised recent trading. Wednesday's steadier trend in the Gilt-edged sector gave way to unsettled conditions as operators became pre-occupied with the possibility of a further *rise in short-term U.S. interest* rates. With conditions remaining thin and sensitive, short-dated stocks were quick to respond to early selling and were soon showing losses extending to ½ a point. However, a slight rallying tendency developed as the day progressed and final quotations were above the worst. The longer maturities followed a similar pattern, but here the recovery was more marked and prices eventually reverted to overnight levels with the aid of bear closing, after having recorded losses of ⅜ *initially*. The long tap, Exchequer, 12 per cent 2013-17 (£15 paid) closed unaltered at 14, after 13¾; a call of £30 is due on Tuesday.

Dullness in the Industrial leaders was less pronounced because selling pressure began to ease. At one stage a modest rally got underway, but this was stifled by the shock final dividend omission and the poor annual results from J. Lyons, which slumped 24 to 76p. Down 3.2 at its lowest of the day, the FT 30-share index rallied to show a loss of 1.8 at noon, but closed 2.9 *off on balance at 452.7. The statement* by Mr. Michael Foot in the House of Commons on dividend limitation had little impact on *late sentiment.*

Secondary issues again came in for a fair amount of selling, the overall setback in equities being *mirrored by another one per* cent decline to 208.86 in the FT-Actuaries All-Share index. Falls were in a sharp six-to-one majority over rises in FT-quoted industrials.

First-time dealings in Southend-on-Sea 12 per cent, 1987, were few and, as expected of an issue largely left in the hands of the underwriters, the stock opened at 9¼, a discount of ¾ in £10-paid form, and drifted a shade easier to close at 9. Other recently issued scrips turned lower and **Greenwich** 11¾ per cent., 1986, shed ½ to 47½, in £30-paid form, while **South Tyneside** 12¼ per cent 1986 (£10 paid) lost ½ to 9¼. Dullness also prevailed elsewhere in Corporations and falls extending to ½ were sustained.

Recent buyers of investment currency again held fire and the premium reacted from an initially higher rate of 113 to 110½ per cent before steadying to close *at 111 per cent*, a loss of 1¼ more on the day. Selling released by arbitrage operations in Hong Kong, Australian and South African securities was mainly responsible for the easiness. Yesterday's **SE conversion factor** was 0.6605 (0.6616).

Over 30 per cent of the business transacted in the Traded Options yesterday was done in two stocks. **Grand Metropolitan** recorded an unusually high total of 178 contracts, with the July 100 series particularly popular, while **ICI** *followed* closely with 162. The overall total of 647 was the highest since the beginning of June.

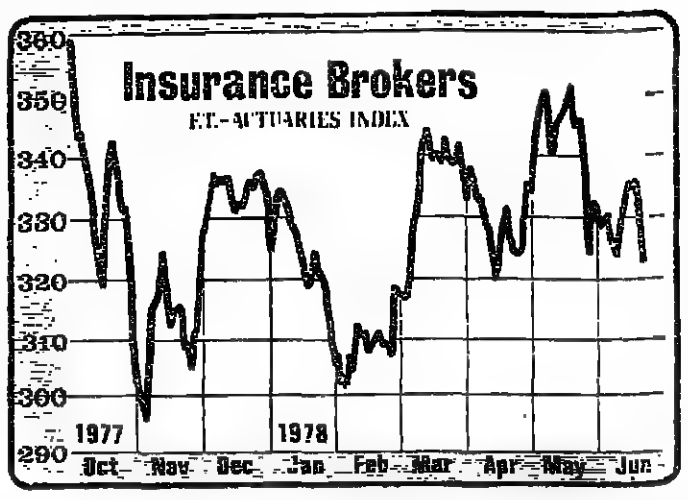
Banks succumb

Having displayed resilience to the general dullness on Wednesday, the major clearing banks succumbed yesterday. The reappearance of sellers brought falls of 10 and 11 respectively to **Midland**, 342p, and **NatWest**, 285p, while **Lloyds** receded 7 to 255p and **Barclays**, which have been unsettled recently by grow*ing criticism of its proposed purchase of Investment Trust* Corporation cum cash resale to the Post Office Pension Fund, cheapened 4 more to 310p. Elsewhere, **Standard Chartered** remained on offer at 383p, down 15. Discounts mirrored events in gilts so **Allen Harvey Ross**, 295p, and **Seccombe Marshall and Campion**, 210p, lost 10 apiece in thin markets. **Union** slipped 5 to 315p as did **Gillett Bros.** to 220p. *Hire Purchases* also gave ground on small selling and lack of support. **Lloyds and Scottish** shed 3 to 88p and **UDT** 2 to 35p, while **Wagon Finance** were *also* the latter amount lower at 43p. **Moorgate Mercantile** touched a 1978 low of 8p before closing a penny off at 9p. Among Merchant Banks, **Arbuthnot Latham** held firm at 137p following the results.

Losses in Insurances ranged to 8 with **General Accident** closing that much easier at 202p.

Breweries continued to give ground and **Allied** lost another 1½ to 83p in further reflection of the interim figures. **Whitbread "A"** slipped a like amount to 88p, while **City of London** deferred, 50p, and **Boddingtons**, 108p, reacted 3 and 4 respectively. Elsewhere, **H. P. Bulmer** fell 3 to 134p for a two-day loss of 8.

With the lack of buying orders still the predominating factor, Building descriptions continued lower. **Richard Costain** and **Taylor Woodrow** receded 8 apiece to 272p and 364p respectively, while **Marchwiel** shed 6 to 202p. In further reaction to the lower profits, **Rowlinson Construction** dipped 13 to 90p and **Beechwood Construction** eased a penny to 24p. On the other hand, **Vectis Stone** provided a bright spot at 30p, up 5, on the impressive first-half profits, while **Tunnel B** put on 4 to 262p after the annual results. Elsewhere, small new-time demand lifted **Tilbury Contracting** 4 to 282p, but **Milbury** fell 8 to 105p as profit-taking set in *following the recent results*



Small selling clipped 4 from **ICI** at 366p, but **Fisons** improved a few pence to 338p, *still* influenced by Press mention.

In televisions, **Associated** eased 3 to 108p despite the increased profits, while **Anglia A** added a *penny to 72p on the first-half* figures.

A quietly dull trend obtained in Stores. **W. H. Smith A** declined 5 to 146p and **House of Fraser** cheapened 3 to 133p. Elsewhere, **Allied Retailers** gave up 7 at 258p, while **Lee Cooper** receded 5 to 143p in a *thin market*. **Home Charm**, 170p, and **Forminster**, 138p, lost 4 apiece as did mail-order concern **Freemans**, to 314p

Racal Electronics resisted the easier trend in Electricals and settled a net 4 better at 248p, after 240p, on the better-than-expected *preliminary figures*. **Ferranti** rose 10 further to 370p following Press comment on the company's prospects, but **Thorn Electrical** came on offer and finished 7 cheaper at 335p. **Philips' Lamp** reflected overseas advices and the lower investment premium with a fall of 15 to 955p.

Engineering leaders passed another dull session. **Tubes** fell 6 to 350p and **Vickers** declined 5 *to a 1978 low of 165p, while further* nervous offerings in front of today's annual results took **John Brown** down to 342p before a close of only 2 easier on balance at 346p. Wednesday's major casualty **Hawker** steadied 2, at 204p. Elsewhere, **Baker Perkins** lost 7 to 97p in reaction to the *disappointing* preliminary profits and accompanying statement concerning current prospects. **Sheepbridge** declined 2 to 71p also on trading news and **Arthur Lee** finished 1½ down at 22½p following the lower first-half earnings. Losses of 4 or so were recorded in **Pegler-Hattersley**, 156p, **Spear and Jackson**, 124p, and **M.L. Holdings**, 115p.

The omission of a final dividend shook the market in **J. Lyons** much more than the dismal preliminary profits, which had been anticipated, and the price tumbled 24 in highly nervous conditions to *a year's low of 70p.* Sentiment elsewhere in Foods was not influenced although the trend was generally *a* shade easier. **Avana** closed fractionally cheaper at 30½p on light profit-taking following the record results, while small selling clipped 3 from **Linfood**, at 140p, and 4 from **Bluebird Confectionery**, at 168p. **J. B. Eastwood** were suspended late at 90p pending the outcome of a bid approach *from an unnamed party.*

Miscellaneous Industrial leaders retained their easier tendency in lighter trading. **Unilever** finished 10 lower at 514p and **Turner and Newall** gave up 4 to 170p as did **Reckitt and Colman** to 473p. **Toye**, however, were firm among *secondary issues, rising 3 to 62p* in response to speculative bid hopes. **Lonsdale Universal** hardened 2 to 92p following the increased interim earnings but **Randalls** dipped from an initially higher level of 66p to close 2 lower at a 1978 low of 62p after news of the profits setback and final dividend omission. **Crest Nicholson** lost the turn to 85p on uninspiring interim figures and **Sotheby Parke Bernet**, at 287p, gave back 3 of the previous day's improvement of 5 despite the unprecedented sum realised so far at the Robert Van Hirsch art auction. Comment on the poor second-half performance unsettled **Lindustries**, which receded 4 to *134p, and small offerings ahead of* next Tuesday's annual results left **I.C. Gas** 3 easier at 357p. **Hunting Associates** were notable for a reaction of 8 to 207p.

Motor Manufacturers were dull following last month's lower production figures. **Reliant** eased ½ to 10½p awaiting today's interim figures, while **Group Lotus**, 45p, and **Rolls-Royce**, 92p, both closed around 2 cheaper. Components had a couple of dull spots in **Dowty**, 3 off at 199p, and **Lucas Industries**, 6 down at 298p, but an isolated firm counter in Distributors was provided by **Henlys**, which finished 2 harder at 131p on the dividend-boosting rights issue proposal. Higher first-half profits failed to sustain **Lookers**, down 4 at 62p, and **Kenning** shaded 2 to 73½p on further consideration of the half-yearly report. **Appleyard** lost 3 to 92p and **Adams and Gibbon** declined 4 to 69p.

Persistent small selling left selected Newspapers with sharp falls. **Daily Mail A** retreated 11 to 287p and **News International** eased 7 *to* 243p, the latter awaiting today's interim results. **Associated Book Publishers** shed 7 more to 223p for a two-day fall of 15 on continued profit-taking.

Oils drift

Properties moved sharply lower *on scattered* offerings and a further lack of buying interest. Notable falls included **Land Securities**, 5 cheaper at 203p, and **Stock Conversion**, 8 down at 240p. **Chesterfield** shed *10 to 300p* and **Great Portland Estates** lost 4 to 282p, after 278p, while **Haslemere** gave up 5 at 229p. **Property Partnerships**, recently higher on bid speculation and the property revaluation, eased 6 to 111p and **Control Securities** drifted back 2 to 33p.

British Petroleum's approach to acquire Monsanto's polystyrene business within the EEC generated little interest and the close was a couple of pence lower at 846p. **Shell** regained an early fall of 4 to finish unchanged at the overnight level of 530p, but **Burmah** cheapened 2 to 62p. Speculative favourites **Siebens (UK)** and **Oil Exploration** had contrasting fortunes: the former mirrored *Press* comment with a rise of 4 to 328p but the latter met with small selling and fell 8 to 228p.

Investment Trusts made another drab showing. **Alliance Investment** reacted 5 to 223p, while losses of 3 or so occurred in **Caledonian Trust "B,"** 75½p, **Foreign and Colonial**, 161p, and **Montagu Boston Warrants**, 32p. Capital issues had **M and G Dual** 4 off at 105p and **City and Commercial** 6 cheaper at 103p.

Following recent strength, **Mersey Dock Units** fell 4 to 22½p on the chairman's warning about immediate progress in the development of the south docks. *Hong Kong and Kowloon Wharf*, however, were marked up 20 to 405p in line with Far Eastern advices.

Mining markets were subdued with the prevailing trend easier. The lower investament dollar *premium* affected sterling prices and there was little stimulus from the metal markets.

Trading was drab among Australians. The domestic markets were quiet overnight in advance of the end of the tax year and London prices were lowered further because of the premium's fall. One or two small sellers helped **Central Pacific** to lose 60 to 490p, but most other falls were caused by marking down.

Pancontinental were ½ softer at £13, **Conzinc Riotinto** fell 7 to 225p, and **North Broken Hill** at 118p and **Peko-Wallsend** at 488p were both 4 easier.

London Financials tended lower, moving on the back of the U.K. industrial market. In a reaction to their recent rise **Selection Trust** were 8 lower at 410p. **Rio Tinto-Zinc** were 3 softer at 219p and *Consolidated Gold Fields* fell 2 to 174p. In advance of the chairman's statement today, **Charter Consolidated** were down 2 at 139p.

South African Financials also were lower, partly because of the premium. Only **De Beers** stood out against the trend with a rise of 3 to 388p, as the price held steady in New York.

Gold shares moved quietly, responding to the bullion price which finished $1.75 lower at $185.125 an ounce. Prices were generally lower, led down by **Randfontein** which fell ⅜ to £34⅞. Also among the heavyweights, **Buffelsfontein** at £10½, **West Dries** at £22¼ and **Western Holdings** at £18¾ were all ⅜ lower.

Irish-Canadians went lower as stock came out on end-of-account considerations, but the market was not busy. **Northgate** lost 35 *to 395p, following the trend in* Canada. **Anglo United** continued to fall, dropping 13 to 184p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	34	43
Corpns. Dom. and Foreign Bonds	1	21	43
Industrials	107	676	735
Financial and Prop.	19	314	187
Oils	1	14	17
Plantation	4	7	21
Mines	4	89	32
Recent Issues	3	20	15
Totals	139	1,177	1,113

FINANCIAL TIMES STOCK INDICES

	June 22	June 21	June 20	June 19	June 16	June 15	A year ago
Government Secs.	69.69	69.76	69.74	69.96	70.02	70.57	[illegible]
Fixed Interest	71.95	72.09	72.00	[illegible]	[illegible]	[illegible]	[illegible]
Industrial Ordinary	452.7	455.6	462.4	470.5	[illegible]	[illegible]	[illegible]
Gold Mines	161.0	164.5	164.2	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	5.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Y'ld% (full)	16.88	16.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	7.94	7.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dealings marked	4,696	5,057	4,771	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	—	67.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	—	15,256	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 am 453.4. 11 am 452.4. Noon 453.5. 1 pm 452.5. 2 pm 452.5. 3 pm 452.5.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.71.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (6/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.5 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.5 (9/6)	130.3 (3/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	356	[illegible]	[illegible]	[illegible]
BP	£1	11	846	[illegible]	[illegible]	[illegible]
Shell Transport	25p	10	530	[illegible]	[illegible]	[illegible]
BAT Inds.	25p	9	320	[illegible]	[illegible]	[illegible]
Pilkington	£1	9	[illegible]	[illegible]	[illegible]	[illegible]
Berisford (S. & W.)	25p	8	180	[illegible]	[illegible]	[illegible]
GEC	25p	8	253	[illegible]	[illegible]	[illegible]
Marks & Spencer	25p	8	138	[illegible]	[illegible]	[illegible]
Racal Electronics	25p	8	248	[illegible]	[illegible]	[illegible]
RTZ	25p	8	219	[illegible]	[illegible]	[illegible]
Barclays Bank	£1	7	310	[illegible]	[illegible]	[illegible]
Grand Met.	50p	7	104	[illegible]	[illegible]	[illegible]
Hawker Siddeley	25p	7	204	[illegible]	[illegible]	[illegible]
Imperial Group	25p	7	[illegible]	[illegible]	[illegible]	[illegible]
Reed Intl.	£1	7	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (25)

AMERICANS (1)
Int. Systems Controls
CANADIANS (2)
Hollinger
BUILDINGS (1)
Vectis Stone
CHEMICALS (1)
Albright & Wilson
ENGINEERING (2)
Hill & Smith
Triplex Foundries
INDUSTRIALS (7)
Ewer (G.)
Flexello
Magnolia
Riley (E. J.)
MOTORS (1)
Herman Smith
TRUSTS (5)
Channel Islands Cap.
Crescent Japan
G.T. Japan
RUBBERS (1)
Bertam Consld.
TEAS (1)
Warren Plants.
MINES (2)
Transvaal Cons.

NEW LOWS (46)

BRITISH FUNDS (2)
Treas. 9½pc 1983
Ireland 7½pc '81-83
BANKS (3)
Kins. & Shaxson
Bolmer Of. P.

[illegible]

FOOD PRICE MOVEMENTS

	June 22 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090	1,090	1,090
British A.1 per ton	1,075	1,075	1,065
Irish Special per ton	1,065	1,065	1,065
Ulster A.1 per ton‡	1,065	1,065	1,065
BUTTER			
NZ per tonne	12.31, 12.62*	—	11.41/11.52
English per cwt†	71.85	71.85	69.61
Danish salted per cwt†	73.98 75.44	72.83 75.88	70.10/72.41
CHEESE§			
NZ per tonne	1,161.50	1,100.90	1,161.50
English cheddar trade per tonne	1,164.30	1,202.10	1,240.78
EGGS*			
Home-produce:			
Size 4	2.25/3.00	2.40/3.40	2.70/3.40
Size 2	3.80/4.70	3.60/4.50	3.90/4.50
	June 22 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	56.0/59.0	55.0/58.0	54.0/58.0
Eire forequarters	33.0/36.0	34.0/36.0	36.0/38.0
LAMB			
English	60.0/66.0	60.0/68.0	—
NZ PLs-PMs	51.5/53.0	50.5/52.0	50.0/51.0
MUTTON—English ewes	—	—	—
PORK (all weights)	35.0/44.0	35.0/43.0	36.0/45.0
POULTRY—Broiler chickens	36.5/39.0	36.0/37.5	35.5/37.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery June 15-July 2.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 20	July 3	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24

For rate indications see end of Share Information Service

Money was given for the call of **Premier Consolidated Oil**, **Dawson International**, **Lofs**, **Group Lotus**, **James Crean**, **Duple International**, **S and U Stores** *preferred*, **Orme Developments**, **Shaw Carpets**, **British Land** and **P and O** deferred, while a put was done in **Brown and Jackson**. A short-dated call was transacted in **J. Brown**.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	98	—	115	5	133	—	846p
BP	800	48	15	72	—	92	—	
BP	850	10	10	36	3	64	—	
BP	900	2	[illegible]	20	[illegible]	42	—	
Com. Union	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	142p
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	173p
Cons. Gold	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	115p
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	253p
GEC	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	104p
Grand Met.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	356p
ICI	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	203p
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	138p
Marks & Sp.	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	529p
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			285		244		117	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bremall [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	162	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	F.P.	[illegible]	[illegible]	33	Thames Plywood	34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brent Chemicals	189	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	British Tar Products	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Central Manufacturing	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Dobson Park Inds.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Fairview Ests.	111	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hartwells	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hewden (Alexander)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sketchley	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., June 22, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. June 21 Index No.	Tues. June 20 Index No.	Mon. June 19 Index No.	Fri. June 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	208.38	−0.8	18.13	5.80	7.70	210.15	212.85	214.05	215.17	177.18
2	Building Materials (28)	187.85	−0.4	18.59	5.80	7.74	188.56	190.12	191.11	190.52	149.88
3	Contracting, Construction (26)	333.91	−1.6	20.74	4.11	7.01	339.22	340.69	344.07	345.57	246.62
4	Electricals (15)	439.65	−0.6	15.65	4.15	9.06	442.34	450.09	452.03	455.01	343.05
5	Engineering Contractors (14)	309.81	−1.4	19.38	6.59	6.87	314.15	317.16	319.69	320.81	251.97
6	Mechanical Engineering (72)	167.59	−1.1	19.04	6.38	7.15	169.38	172.52	173.61	174.96	160.77
8	Metals and Metal Forming (16)	160.99	−0.7	17.80	8.74	7.66	162.08	162.99	163.53	165.06	148.22
	CONSUMER GOODS										
11	(DURABLE) (52)	193.09	−1.1	17.29	4.97	8.12	195.21	197.57	199.14	199.65	166.99
12	Lt. Electronics, Radio TV (15)	227.71	−0.7	15.34	3.79	9.19	229.42	233.02	234.64	235.20	187.99
13	Household Goods (12)	174.53	−0.9	16.43	6.46	8.34	176.04	176.61	178.67	179.21	160.77
14	Motors and Distributors (25)	121.68	−1.7	20.45	6.40	6.88	123.72	124.80	125.71	126.56	110.91
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	194.91	−1.0	16.56	6.02	8.19	196.83	199.18	200.64	201.83	164.72
22	Breweries (14)	219.11	−1.2	15.64	6.18	9.10	221.86	225.47	225.69	227.53	174.11
23	Wines and Spirits (6)	246.32	−1.1	16.42	5.85	9.24	249.18	250.66	254.14	257.66	180.81
24	Entertainment, Catering (17)	244.02	−0.9	16.01	6.99	9.05	246.31	250.00	252.04	254.53	206.73
25	Food Manufacturing (22)	191.57	−1.6	19.93	5.83	6.68	194.77	196.45	197.12	197.91	172.82
26	Food Retailing (15)	197.62	−0.8	14.71	5.12	9.42	199.29	199.84	202.46	202.37	166.77
32	Newspapers, Publishing (13)	356.27	−1.2	11.21	3.48	12.73	360.57	363.56	370.01	375.47	297.99
33	Packaging and Paper (15)	133.06	−0.3	19.98	7.95	6.60	133.42	134.89	135.51	136.84	119.29
34	Stores (39)	174.11	−0.5	12.05	4.69	12.19	175.06	177.41	179.08	178.83	142.41
35	Textiles (25)	171.46	−1.5	19.02	8.07	6.82	174.14	177.40	179.47	180.80	166.15
36	Tobaccos (3)	242.77	−0.8	22.77	7.71	5.22	244.77	247.83	248.83	252.39	208.48
37	Toys and Games (6)	104.01	−0.6	19.55	6.00	6.25	104.66	105.48	106.73	107.31	99.27
41	OTHER GROUPS (97)	191.87	−0.7	16.82	5.97	7.79	193.13	195.30	197.26	198.27	176.75
42	Chemicals (19)	273.66	−0.7	18.22	6.38	7.45	275.55	278.72	282.40	284.79	258.53
43	Pharmaceutical Products (7)	249.72	−0.5	11.83	4.10	10.56	250.85	254.95	256.58	257.76	0.00
44	Office Equipment (6)	128.90	−0.9	18.59	5.04	6.37	130.12	132.63	133.00	133.74	97.67
45	Shipping (10)	414.96	−0.3	19.09	7.66	6.35	416.13	417.14	421.92	419.92	490.21
46	Miscellaneous (55)	198.74	−0.8	17.69	6.59	7.60	200.27	201.76	203.82	204.56	170.98
49	INDUSTRIAL GROUP (495)	204.01	−0.9	17.06	5.88	7.96	205.80	208.27	209.86	210.99	177.10
51	Oils (5)	474.81	−0.2	15.55	4.16	6.98	475.58	477.75	479.86	484.20	498.93
59	500 SHARE INDEX	226.48	−0.8	16.83	5.62	7.79	228.22	230.70	232.35	233.73	202.97
61	FINANCIAL GROUP (100)	157.19	−1.8	—	6.02	—	160.09	161.24	163.94	164.71	136.52
62	Banks (6)	177.59	−2.7	26.65	6.32	5.68	182.45	182.43	184.82	186.24	152.93
63	Discount Houses (10)	205.14	−2.1	—	8.43	—	209.51	209.75	214.10	215.60	178.56
64	Hire Purchase (5)	139.86	−3.3	13.97	5.87	10.60	144.57	145.05	147.66	147.56	136.99
65	Insurance (Life) (10)	129.60	−1.5	—	7.03	—	131.51	133.81	135.76	136.95	105.77
66	Insurance (Composite) (7)	120.90	−1.2	—	7.05	—	122.38	123.69	126.70	127.73	110.45
67	Insurance Brokers (10)	322.16	−1.1	24.63	4.86	9.79	325.67	327.53	335.98	335.18	286.31
68	Merchant Banks (14)	79.31	−0.6	—	6.25	—	79.80	79.80	80.51	80.10	66.18
69	Property (31)	226.86	−1.8	3.61	3.27	46.88	230.97	233.59	235.67	235.27	190.48
70	Miscellaneous (7)	104.15	−2.8	25.45	7.75	5.44	107.18	109.05	109.54	110.22	89.08
71	Investment Trusts (50)	209.20	−1.3	3.25	4.74	30.75	212.06	213.00	214.34	215.15	165.06
81	Mining Finance (4)	98.52	−1.4	17.55	7.06	6.88	99.89	100.24	99.98	100.73	89.46
91	Overseas Traders (19)	306.68	—	17.08	6.97	7.16	306.66	308.67	311.27	310.82	268.71
99	ALL-SHARE INDEX (673)	208.86	−1.0	—	5.70	—	210.89	212.93	214.76	215.98	185.09

FIXED INTEREST PRICE INDICES

	British Government	Thurs. June 22	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.37	−0.20	—	4.51
2	5-15 years	113.25	−0.06	—	5.95
3	Over 15 years	119.32	—	—	7.02
4	Irredeemables	123.83	—	—	6.30
5	All stocks	111.82	−0.09	—	5.72

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thurs. June 22	Wed. June 21	Year ago (approx.)
1	Low Coupons	5 years	8.82	8.77	7.63
2		15 years	11.02	11.02	11.34
3		25 years	11.76	11.76	12.48
4	Medium Coupons	5 years	11.53	11.42	10.17
5		15 years	12.23	12.22	12.08
6		25 years	12.34	12.37	12.79
7	High Coupons	5 years	11.71	11.63	11.68
8		15 years	12.71	12.71	13.26
9		25 years	12.99	12.97	13.46
10	Irredeemables		11.89	[illegible]	[illegible]

		Thurs., June 22 Index No.	Yield %	Wed. June 21	Tuesday June 20	Monday June 19	Friday June 16	Thurs. June 15	Wed. June 14	Tues. June 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.43	12.93	57.29	57.33	57.34	57.56	57.37	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	52.58	13.18	52.86	52.79	52.79	52.75	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	70.55	13.10	71.17	71.17	71.55	71.59	71.62	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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INSURANCE, PROPERTY, BONDS

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid Units	50.1	52.0	-0.5	6.25

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	110.4	116.2	-1.1	—
Property Fd.	105.9	111.4		—
Fixed Interest F.	106.4	111.9	-0.3	—
Gtd. Deposit Fd.	98.9	104.1		—
Mixed Fd.	108.7	114.4	-0.5	—

Nelex Eq. Cap.	80.3	84.5		—
Nelex Eq. Accum.	111.3	117.2	-0.9	—
Nelex Money Cap.	61.3	64.5		—
Nelex Mon. Acc.	64.8	68.2		—
Nelex Gth Inc Acc.	49.1	51.6		—
Nelex Gth Inc Cap.	49.8	52.4		—
Nel Mxd. Fd. Cap.	47.8	50.3		—
Nel Mxd. Fd. Acc.	48.2	50.7		—

Next Sub. Day May 25
For New Court Property see under Rothschild Asset Management

COMPANY NOTICE

OMRON TATEISI ELECTRONICS CO.
(Tateisi Denki Kabushiki Kaisha)

Advice has been received from Tokyo that the Forty-first Ordinary General Meeting of Shareholders will be held at the Kokusai Hall in the head office of the Company at 10, Tsuchido-Cho, Hanazono, Ukyo-Ku, Kyoto at 9.00 a.m. on Thursday, June 29th, 1978.

Objects of Agenda are as follows:—
1. The approval of the business report, balance sheet, profit and loss statement, and the draft appropriation of the profit for the 41st term (from April 1st, 1977 to March 31st, 1978).
2. The Reform of the amount of compensation to Executives.

In accordance with Clause 15 of the Conditions, holders of BEARER DEPOSITARY RECEIPTS wishing to instruct the Depositary to exercise the voting rights in respect of the shares represented by their Receipts are notified that they must lodge their Receipts with one of the following by 3 p.m., 27th June, 1978.

HILL SAMUEL & CO. LIMITED, 45 Beech Street, London EC2P 2LX. (Where lodgement forms are available.)
HILL SAMUEL & CO. OHG, Postfach 174103, Niedenau 45, 6000 Frankfurt am Main, West Germany.
KREDIETBANK S.A. LUXEMBOURGEOISE, 43 Boulevard Royale, Luxembourg.
BANK OF TOKYO LIMITED, 26 Avenue de l'Opera, Paris 1e, France.
BANK OF TOKYO LIMITED, Dusseldorf, Schadowplatz 12, Federal Republic of Germany.
BANK OF TOKYO LIMITED, Avenue des Arts 47-49, 1040 Brussels, Belgium.
BANK OF TOKYO LIMITED, Sutherland House, 3, Chater Road, Hong Kong.
BANK OF TOKYO TRUST CO., 100 Broadway, New York, U.S.A.

If desired, instructions may be given to Hill Samuel & Co. Limited to give discretionary proxy to a person designated by the Company.

Voting rights may only be exercised in respect of Depositary Receipts representing Ordinary shares on the Register as at 31st March 1978.

Copies in English of the full text of the Notice convening the Meeting, if required, will be available shortly, during normal business hours at the offices of any of the above-mentioned Banks.

HILL SAMUEL & CO. LIMITED
45 Beech Street
London EC2P 2LX.

LEGAL NOTICE

No. 001907 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JUSPALM LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 15th day of June 1978, presented to the said Court by P.P.S. FROZEN FOODS LIMITED whose registered office is situate at 97, Parkway Market, Sheffield 9, Frozen Food Wholesalers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 17th day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER,
NATHAN & VANDYK,
20, Copthall Avenue,
London, EC2R 7JH.
Ref: TT SRO.75 6018C (KGO)
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of July, 1978.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Estn. Tst.	$HK254.34		2.80	
Jardine J'pn. Fd.*	$HK331.15		1.00	
Jardine S.E.A.	$US16.24	+2.02	1.90	
Jardine Flem. Int.	$HK9.70	.....	—	

NAV June 15. *Equivalent $US71.08. Next sub. June 30.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs1,481	1,563	.....	2.90
Bondselex	Frs118.10	125.80	.....	—
Keyselex Int'l	£6.61	7.29	.....	—
Keyselex Europe	£3.96	4.46	.....	3.70
Japan Gth. Fund	$US25.21	27.11	+0.04	—
Keyselex Japan	£12.18	13.32	.....	—
Cent. Assets Cap.		£133.82	+0.03	.....

Cnv. Bd. Fd. June 21	$US9.61		-0.01	—
Eng. Int. June 21	£US17.35		-0.09	—
Gr. St. $ Fd. May 31	$US7.09		.....	—
Mr. Eur. June 21	$US10.35	10.94	-0.03	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. May 25	$US12.32	12.64	.....	—
CMT Ltd. May 25	£12.58	12.90	.....	—
Metals Tst. June 16	£12.17	12.47	.....	—
TMT June 8	$US10.57	10.95	.....	—
TMT Ltd. June 8	£10.48	10.96	.....	—

World Wide Growth Management♥
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US14.89	-0.08	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 452-457

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed .... 9 %
† Address shown under Insurance and Property Bond Table.

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly.	20½	.....	—	—
34½	33	Do. 5pc Pref	34½xd	.....	—	—
98	98	Chilean Mixed	98	.....	3	£3.10
415	350	German Yng. 4½pc	405xd	.....	4½	—
54	46	Greek 7pc Ass.	54	.....	3½	£6.48
51	46	Do 6pc 28 Stab. Ass.	51	.....	6	£6.00
44	40	Do 4pc Mixed Ass	43	.....	4	£4.76
55	42	Hung. '24 Ass.	55	.....	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	.....	—	12.60

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
88	83	Ireland 7½pc '81-83	83xd	−¼	7½	11.96
91	79	Do 9¾pc '91-96	80¾	−¼	9¾	12.94
375	265	Japan 4pc '10 Ass.	365xd	....	—	—
57	70	Do 6pc '83-88	71½	.....	6	11.10
160	145	Peru Ass. 3pc	155	.....	3	1.95
75p	75p	S.G.I. 6½pc 1980	75p	.....	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	.....	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	.....	6½	10.70
96	94	Uruguay 3½pc	96	.....	3½	3.90

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or —	Div. Gross	Cvr	Yld Gr's
17⅜	13½	ASA	16⅞	−½	80c	—	2.7
60½	60½	AMF 5% Conv. '87	60½xd	.....	5%	—	—
31	22	Amax $1	27[illegible]	+[illegible]	$1.75	—	3.5
32	21¾	American Express	29¼	−⅝	$1.40	—	2.7
33½	11	Amer. Medic. Int.	21¼	−½	30c	—	0.8
15⅝	969p	Asarco Inc.	12⅛	−⅛	40c	—	1.9

S.E. List Premium 49⅝% (based on US$1.8448 per £)
Conversion factor 0.6665 (0.6616)

CANADIANS

S.E. List Premium 49⅝% (based on $2.0756 per £)

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	185	.....	Q50c	1.3	23.1
24	15	Rhoa n Corp 16⅔p	17½	.....	0.56	7.1	4.8
80	52	Roan Cons. K4	70	−3	—	—	—
175	122	Tanganyika 50p	146xd	−1	Q10.0	1.2	6.8
90	78	Do. Pref. 80p	90xd	.....	Q9%	16.3	8.0
41	32	Wankie Col. Rh 1	36	.....	†Q7½c	1.4	17.8
16½	10	Zam.Cpr.SBD0.24	13	−½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	.....	—	—	—
132	64	Bougainville 50 Toea	113	−2	Q8c	1.4	4.4
125	63	BH South 50c	106	−1	—	—	—
820	150	Central Pacific	490	−60	—	—	—
245	148	Coname Riotinto 50c	225	−7	Q10c	2.2	2.8
72	48	G.M. Kalgoorlie $1	54	−1	—	—	—
138	81	Hampton Areas 5p	120	−4	1.45	4.1	1.8
40	10	Metals Ex. 50c	23	−2	—	—	—
220	125	M.I.M. Hldgs. 50c	194	−7	Q9c	1.7	2.9
39	10	Mount Lyell 25c	30	−2	—	—	—
6½	1½	Newmetal 10c	4¼	.....	—	—	—
143	79	North B. Hill 50c	118	−4	Q8c	1.5	4.2
16	8½	Nth. Kalgurli	13	−½	—	—	—
178	117	Oakbridge $A1	169	.....	†Q11c	1.9	4.1
48	30	Pacific Copper	34½	−1½	—	—	—
£14¾	750	Pancont'l 25c	£13	−½	—	—	—
40	12	Paringa M&Ex. 5p	37½	.....	—	—	—
538	310	Peko-Wallsend 50c	488	−4	Q15c	4.0	1.9
300	50	Southern Pacific	185	−5	—	—	—
160	84	Westn. Mining 50c	140	−4	‡Q6c	1.4	‡
70	35	Whim Creek 20c	50	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	.....	†2.51	1.6	15.2
360	240	Ayer Hitam $M1	355	.....	‡Q41.7c	0.9	‡
60	45	Beralt Tin	53	.....	3.75	4.4	11.2
290	200	Berjuntai $M1	285	−5	‡Q110c	ϕ	‡
145	111	Geevor	132	−3	h4.51	3.4	5.2
10	8½	Gold & Base 12½p	9½	.....	—	—	—
290	220	Gopeng Cons.	285	−5	15.0	0.9	8.1
165	130	Hongkong	165	.....	—	—	—
93	78	Idris 10p	88	.....	12.0	1.6	21.8
11	10	Jantar 12½p	10	.....	—	—	—
75	68	Kamunting $M0.50	75	.....	2015.5c	0.7	4.4

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p	14	−1	—	—	—
300	220	Cons. Murch. 10c	250	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	390	−35	—	—	—
234	164	R.T.Z.	219	−3	9.5	2.8	6.6
90	30	Sabina Inds. C$1	58	−5	—	—	—
£12	750	Tara Exptn. $1	£10¾	−⅛	—	—	—
45	43	Tehidy Minerals 10p	43	.....	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	180	.....	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

REGIONAL MARKETS

[illegible]

IRISH

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday June 23 1978

Hong Kong base for Goldsmith

BY ANTHONY ROWLEY IN HONG KONG AND CHRISTINE MOIR IN LONDON

SIR James Goldsmith has transferred to Hong Kong effective control of Generale Occidentale, his French empire which embraces Cavenham Foods, General Alimentaire, Banque Occidentale, and Lloyds insurance brokers Wigham Poland.

At the end of a tangled web of manoeuvres, details of which were announced in Hong Kong yesterday, Generale Oriental, the Hong Kong quoted investment company in which Sir James owns just under 74 per cent, will own 35.1 per cent of General Occidentale.

Sir James's own holdings in Occidentale will be 9.65 per cent and General Oriental will also have options over further substantial holdings of Occidentale plus convertible loan stock of Occidentale.

Contingency

It is widely expected that Oriental and Sir James will eventually together hold more than 50 per cent of Occidentale's shares.

It had been known for some months that Sir James had made contingency plans to transfer control of his business empire to Hong Kong.

He had expressed bitter dissatisfaction with the degree of restraints on business in Britain and with the political climate in France.

It emerged yesterday that those plans were set in motion last March when Argyle Securities, the former quoted U.K. property company, was sold by Occidentale subsidiaries to Evon SA, the Panamanian company in which Sir James is a substantial minority shareholder.

Immediately following this deal, Argyle acquired a 20.7 per cent stake in Occidentale. It also acquired a 20 per cent stake in Trocadero, a private French investment group in which Sir James holds 80 per cent.

Trocadero owns 18 per cent of Occidentale. Argyle is now to increase its stake in Trocadero to 49 per cent, and will also buy outright from Trocadero 3 per cent of Occidentale. It will also have options over a further substantial stake.

Argyle, which also has substantial cash assets, some residual UK properties and a house-building company called Maidenhead, has now been sold to General Oriental by Evon.

Oriental is to pay for Argyle by way of the issue of 85.25m shares at HK$ 1.60 plus US$ 1.5m of loan stock for which Evon will subscribe.

Oriental thus becomes an investment company valued at nearly £20m. Its last balance sheet showed that it was worth less than £1m.

Evon intends to distribute 23.56m of these shares to outside shareholders, to maintain Oriental's public listing in Hong Kong.

Some 6.28m shares will be allocated to existing shareholders on the basis of three for one at HK$ 1.60.

The remainder have apparently already been placed by stockbrokers Joseph Sebag, with what were described yesterday as "European institutions."

The result will be to dilute Sir James's own holding in General Oriental to 65 per cent.

In a separate but simultaneous deal, General Oriental will issue a further 10.75m shares to independent shareholders of Occidentale in return for a further 3.1 per cent of Occidentale.

Oriental already owns 0.7 per cent. Together with Argyle's direct and indirect holdings in Occidentale, Oriental will therefore have a minimum stake of 35.1 per cent in Occidentale.

Soviet oil buys East German skills

BY LESLIE COLITT

EAST BERLIN, June 22.

EAST GERMANY, Comecon's leader in advanced technology, has agreed to supply the Soviet Union with technical expertise in return for extra supplies of Soviet oil and gas in an important series of economic agreements.

Moscow is also to supply East Germany with credits to bridge its deficit with the Soviet Union, which could reach 3bn marks (£750m) this year.

The agreements, part of a wider package reached here by top economic officials from both countries, represent a further Soviet attempt to integrate more closely the economies of Comecon states.

East Germany has agreed to make wide-ranging concessions on its range of products to fit the needs of Soviet industry.

But East Germany has managed to stand firm in one crucial industrial area—micro-electronics.

Late last year East Germany and the Soviet Union agreed to co-operate in research and production in the electronics industry. In most cases this meant a transfer of technology to the Soviet Union. Since then the Russians have been attempting to get micro-processors included in the agreement but the attempts have been resisted by the East Germans.

The reason is that East Germany is working hard to acquire micro-processor knowledge from the West in the hope of becoming pre-eminent in this field within Comecon.

The East German and Soviet commissions on economic and scientific-technical co-operation also signed an agreement here on further co-operation in machine tool building in which East Germany will contribute the lion's share.

Similarly the East German chemical plant construction industry is to provide new ways of improving output in the Soviet food processing industry.

The East German printing machine industry has agreed to a "division of labour" in producing components for sheet-fed offset machines. East Germany is the largest Comecon exporter of printing machinery to the West.

An agreement was also signed on cooperation in satellite exploration of the earth's raw materials using an East German multi-spectral camera. The MKF-6 was built by Carl Zeiss Jena in a crash programme at great cost and was successfully used in the Soviet Soyuz 22 in September 1976.

Selective cooperation is to take place between the East German and Soviet photo-chemical industries to "improve the quality of photo-chemical products" and to introduce new lines.

BP in £20m bid for Monsanto Europe interests

BY SUE CAMERON

BP CHEMICALS is negotiating a £20m deal to acquire nearly all the U.S.-based Monsanto group's polystyrene interests in Europe.

BP Chemicals expects the deal to be concluded within the next few months. It follows the company's £220m purchase of the U.S.-based Union Carbide's main European subsidiaries, which was agreed in principle last week along with a £200m deal between Deutsche BP and Veba, the leading West German energy concern. The two BP Chemicals deals represent a further step in its bid fully to integrate its petrochemical activities.

If agreement is reached on this latest set of negotiations, Monsanto will sell BP its polystyrene plant at Wingles, near Lille in France, plus its 33 per cent holding in Forth Chemicals, a UK styrene monomer company with plants at Grangemouth in Scotland and Baglan Bay in South Wales. BP Chemicals already owns the remaining 66 per cent of Forth.

BP would also acquire all the polystyrene and expandable polystyrene produced at Monsanto's Newport factory in Wales although Monsanto would continue to own and operate the plant. Included in the deal would be Monsanto's polystyrene marketing and commercial interests and its European technical services.

BP Chemicals said yesterday that the Monsanto acquisitions would be a logical development because the company already produced ethylene and benzene, the raw materials from which styrene monomer and then polystyrene are made. The deal would give it a substantial stake in the European polystyrene market and strengthen its position in other Continental plastics markets.

Commitment

Monsanto is not integrated into basic raw materials in Europe. As a result, it sees the outlook for its polystyrene activities on the Continent as unattractive. But the company said it would continue its "strong commitment" to its polystyrene operations in other parts of the world, including those of its Spanish affiliate, Aiscondel, in which it has a 50 per cent holding.

The Monsanto plant at Wingles employs about 450 people who would all be given the chance to retain their jobs if BP Chemicals took over the factory.

News Analysis Page 6

Rate of inflation 'could rise again this winter'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE RATE of inflation could rise again this winter, Mr. Charles Williams, chairman of the Price Commission, warned yesterday.

There was every chance that inflation would stay near its present rate—just under 8 per cent—in the short term. But it might be less easy to keep it down to this level in the medium term.

Shop prices

Mr. Williams did not comment directly on forecasts made by Mr. Roy Hattersley, the Prices Secretary, that inflation would stay at, or about, its present rate for the rest of the year. But he seemed less happy than the Minister about the recent surge in commodity prices and earnings.

He said these increases would eventually feed through to shop prices and could result in a rise in the rate of retail price inflation.

The commission's own index of price increases notified to it has been showing an annual increase of about 7 per cent for the past four months. Mr. Williams said that the June figure looked like being about the same.

Movements in the commission's index usually take two and a half to five months to work through to the retail price index, which covers such things as rates, which are not covered by the commission's figures.

Given this time-lag the commission figures suggest that if the Prime Minister went to the country in October he would be fairly sure that inflation would not have risen again by then, though the 12-month figure for the July RPI might show an increase because of the very small rise last July.

Critical

The profit margin controls on companies, which have existed since 1973, are due to expire at the end of July. Mr. Williams said this would have no impact on prices because the vast majority of companies were still trading way below their statutory profit ceilings.

In the commission's report for the three months to the end of April, published yesterday, it was critical of the profit safeguard written into the price controls. These provisions, which are being reviewed by the Department of Prices, were, the report said, inhibiting the commission's work in certain key respects.

Quarterly Report, Page 6

THE LEX COLUMN

J. Lyons loses dividend battle

For three years J. Lyons clung to its dividend despite annual falls in its shareholders' funds—but the fourth year has proved too much. Following a £4.9m fall in reserves during the 12 months to March, the final dividend — which would have cost about £3½m with unrelieved ACT — has been omitted. The shares, which have been relatively strong lately, plummeted by 24p to 76p on the news.

A year ago, a final dividend was paid on the assumption that profits in 1977-78 could double to £20m or more but in the event the pre-tax figure emerges nearly two-fifths lower at £6.2m. The bad summer in 1977 cut profits on ice cream and soft drinks by £2m or more, food margins have been squeezed by the price war among the retailers, and losses in the French meat-business may have risen by about £2m. But what really scuppered the group's initial optimism was the dislocation of the tea and coffee markets.

After a strong first quarter, customers started to run down stocks of tea and coffee in the second half and in February, after the Price Commission report, Lyons was impelled to cut tea prices about a month before its commodity costs came down. Profits on tea alone fell by about £5m in the final quarter of the year.

This has come straight through to shareholders' equity as a result of Lyons' tax problem—with all of its profits earned overseas, the tax rate works out at 85 per cent, and minorities also take out a sizeable chunk. In addition, there are provisions of about £2m each against Spillers-French and the French company.

The result is that despite some sizeable disposals and the absence of a final dividend, gearing has only improved marginally over the year. Net worth amounts to about £122m (including roughly £70m of goodwill) while debt is still over £200m. Although trading profits are now improving and the group hopes the dividend can be "at least" restored this year, the target of a 50:50 debt/equity ratio must be put back to 1981.

Meanwhile here is a business with sales of nearly £800m, and a market capitalisation of just over £30m. The shares remain strictly speculative.

Index fell 2.9 to 452.7

Racal

Racal, the market's only real remaining growth stock, has done it again. Pre-tax profits for 1978 come in just below £50m—£5m ahead of the minimum forecast—and are up by no less than 52 per cent. This means that Racal has multiplied pre-tax profits in the past two years over 2½ times, while earnings per share have doubled on an actual tax basis. Yet another amazing statistic is that all this has come from a business whose last published balance sheet shows tangible shareholders' funds of only £42m.

On a share price of 248p (4p up) the capitalisation of Racal is now £282m. This compares very favourably with the market valuation of Plessey—at £207m—where pre-tax profits reported earlier this week were only 6 per cent better at £43m.

The news from the sales front is that just about everything boomed last year. Tactical military radio equipment continued to be the star performer, with strategic communications, data and communications recording, and instrument activities in joint second place. And once again the unquantified order book is at a record level.

Even Racal admits it cannot keep up this pace much longer, however. The stock market, where the shares are on an earnings multiple of about 11, fully taxed, is also unprepared to look too far into the wide blue yonder.

UK shipping

If Ellerman Lines, a well run private UK shipping company, wants a three-year morotorium on its debts, the plight of the UK liner shipping industry must be worse than most had feared. At its last balance sheet date Ellerman had shareholders' funds of £108m and a relatively modest £60m of debt. In addition, its non-shipping interests contributed a healthy £8.7m last year and should earn more this year. However, it has eight ships on order worth roughly £80m and with loan repayments of £33m due between now and 1980 it would feel happier if it could defer repayments until its shipping fleet gets back into the black.

Not everyone will agree with Ellerman. Similar schemes are already propping up Scandinavian and Japanese shipping companies and it could be argued that they exacerbate the situation by postponing scrapping. If market forces were allowed to have their way, the less competitive shipping companies would go to the wall.

But this would be a painful solution and countries seem to be just as reluctant to cut down the size of their shipping fleets as they are to curb their shipbuilding capacity. British shipowners are more exposed than they would care to admit. They own 8 per cent of the world fleet, yet Britain's share of world trade was just 5.6 per cent in 1976 according to IMF statistics. If Britain's share of the world merchant fleet were to equate with its share of trade, it would involve a cut of more than a quarter in its size.

Gilts

It looks as if most of the unfortunate stags of last week's long tap have finally unwound their positions ahead of next Tuesday's £30 call. Today is their last chance to sell. After touching £13½ yesterday morning, the long tap, Exchequer 12 per cent 2013-17, closed at £14.

There are signs, at last, that the gilt-edged market is settling down after the recent orgy of gilt sales. But institutional investors are treading warily and it would not be surprising if the medium tap, at least, hangs around the market for some time. Admittedly, sterling is fairly firm, but U.S. interest rates are still on an upward trend and the scope for substantial fall in UK interest rates is lessening. Even if the authorities cut Minimum Lending Rate over the next few weeks it would probably be viewed with some suspicion as a selling gimmick. After their recent rough handling, institutional fund managers need to be treated gently.

Ellerman calls for extended moratorium

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SOME OF Britain's biggest shipping companies are pressing for an urgent extension of the Government's recent debt moratorium plan for the industry.

The plan, announced last month, involves shipyard debt repayments being delayed for three years, with Government guarantees for the banks involved. But it is limited in scope and aimed at small tramp-ship companies.

Owners are saying now that these concessions should be available even to cover their debts with foreign shipyards and that the larger companies with extensive non-shipping interests and alternative cash resources should not be excluded, as they are from the present scheme.

If the Government agrees to these requests, which have been discussed informally between the General Council of British Shipping and the Department of Trade, it would require access to section 8 of the 1972 Industry Act, rather than the Act's section 10 used for the original moratorium plan. This scheme was aimed at small, tramp-ship companies.

So far, the general council has been coy about the desire among at least some of its members for a more wide-ranging scheme, but Mr. Dennis Martin-Jenkins, a former council president and chairman of Ellerman Lines, delivered an outspoken plea for such an extension after his company's annual meeting yesterday.

Mr. Martin-Jenkins, whose company is one of those larger, predominantly liner shipping companies with strong non-marine interests ruled out from the present moratorium, said the industry faced severe dislocation if help was not given.

Ellerman Lines, like most of the other large British liner companies, has found itself supporting hefty debts on ships being delivered but which were ordered in better times.

Ellerman has eight ships worth more than £80m either delivered or on the way. All will be British-built, except the City of Durban container ship, which was built in Germany.

Mr. Martin-Jenkins said there was no reason why a moratorium should not apply to ships contracted in foreign yards if the basic objective was to assist the UK shipping industry.

Instalments

The company has talked to its bankers about rescheduling the debt, but clearly feels that a Government guarantee on deferred capital instalments is necessary.

Mr. Martin-Jenkins's statement to the meeting was positive about the group's non-shipping interests, but extremely gloomy about shipping. There were inherent disadvantages in the industry's cyclical nature. "We are, therefore, gradually reducing our investment."

Ellerman, he said later, had sold 12 of its 40 ships in the past year and was cutting its officer corps by 30 per cent. Most of the ships sold were old vessels making way for those under construction.

Callaghan says 35-hour week will not solve unemployment

BY PHILIP RAWSTORNE

THE Prime Minister indicated yesterday that he had strong reservations about including introduction of a shorter working week in the next stage of pay policy.

TUC leaders see reduced hours of work as the best way of securing union support for a further period of wage restraint.

At a meeting today with Mr. Denis Healey, the Chancellor, who shares Mr. Callaghan's doubts, union leaders are expected to suggest a two-hour reduction as the first step towards a 35-hour week.

Mr. Callaghan, replying to a Commons question, confirmed that the issue would be discussed, but warned that adoption of a 35-hour week would not provide an easy solution to the problems of pay restraint or unemployment.

There was a "very good case" for a shorter working week, provided it did not result merely in more overtime payments.

It would also be necessary, he said to ensure that unit costs of production were not increased and that Britain's European competitors would be pursuing the same policy.

His approach echoed concern expressed earlier this week by the Confederation of British Industry about the impact of a cut in working hours on industry's unit costs and competitiveness.

Confederation leaders warned that their members would be urged to resist union claims for a cut in hours if the Government supported the proposal as a general entitlement in a Phase Four pay agreement.

They claimed that, contrary to the TUC view, the move was more likely to increase unemployment by some 100,000 than to reduce it.

The TUC intends, however, to press its point on the Government and will also call for further reflationary action to help reduce unemployment.

Some hard bargaining now appears likely if the Government is to secure a new understanding with the unions on pay restraint.

Ministers are still highly optimistic about the outcome, and it seems likely that the maintenance of the 12-month rule—one of the main props of pay policy over the past three years—will be taken as read.

Parliament, Page 10

Carter renews threat to act against oil imports

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, June 22.

PRESIDENT CARTER again warned Congress today that he might impose fees on imported oil if legislation was not passed to raise the price of domestic crude to world levels.

However, according to Congressmen who had breakfast in the White House this morning, he stopped short of threatening to act before the economic summit in Bonn next month.

Dr. James Schlesinger, Energy Secretary, said later that although the President would like an Energy Bill on his desk by mid-July, he does not realistically expect one until autumn. He implied that any decision on an import fee or other curbs on foreign oil would probably wait until then.

Senator Henry Jackson, the Washington State Democrat and a key figure on energy legislation, reported that the President is "clearly prepared" to act against imports. But Administration officials privately maintain that, so far, the threat has mainly been used as a lever in dealings with a Congress whose dilatory approach to energy matters is well known.

Senator Jackson did say that he thought the President might have a partial Energy Bill by mid-July. But it will clearly not include the most controversial item: the crude oil equalisation tax designed to lift domestic prices to world levels. The President will therefore have to go to Bonn with little to show for a year-long effort to curb energy consumption.

Meanwhile Dr. Schlesinger also unveiled today the Administration's updated version of a standby rationing plan for petrol that the U.S. Government is required by law to have ready. It can only be invoked in a national emergency created by an interruption to supplies and is of no immediate significance.

The principal change from the plan drawn up by President Ford is to base the issue of ration coupons on registered owners of cars rather than on holders of driver's licences.

Editorial comment Page 20

Weather

SUNNY intervals, showers.

London, Cent S and SE England, Midlands, E Anglia, Channel Islands: Sunny intervals, showers. Max 15C-16C (59F-61F).

E, NE, Cent N England: Sunny intervals, showers. Max 14C (57F).

SW England, S Wales: Sunny intervals, showers. Max 14C-15C (57F-59F).

N Wales, NW England, Lakes, Isle of Man: Cloudy, rain. Max 13C-14C (55F-57F).

Borders, SW Scotland, Cent Highlands, N Ireland: Cloudy, rain. Max 13C (55F).

NE, NW Scotland, Orkney, Shetland: Cloudy, rain. Max 11C-12C (52F-54F).

Outlook: Little change.
Pollen count: 17 (low).

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstdm	R	14	57	Madrid	S	23	73
Athens	S	31	88	Manchestr	C	12	54
Bahrain	S	36	97	Melbourne	C	13	55
Barcelona	F	23	73	Mexico C.	S	22	72
Beirut	S	30	86	Milan	F	24	75
Belfast	R	10	50	Montreal	C	19	65
Belgrade	F	23	73	Moscow	C	17	63
Berlin	F	23	73	Munich	S	20	68
Birmghm	C	14	57	Newcastle	R	12	54
Bristol	C	16	61	New York	S	26	79
Brussels	R	15	59	Oslo	C	21	70
Budapest	F	25	77	Paris	R	15	59
B. Aires	S	12	54	Perth	R	16	61
Cairo	S	40	104	Prague	F	22	72
Cardiff	C	15	59	Reykjavik	S	8	46
Chicago	S	22	72	Rio de J'o	S	27	80
Cologne	C	15	59	Rome	S	24	75
Copnhagen	S	20	68	Singapore	S	30	86
Dublin	C	13	55	Stockholm	S	23	73
Edinbrgh	C	12	54	Strasbourg	C	20	68
Frankfurt	F	20	68	Sydney	C	13	55
Geneva	F	20	68	Tehran	S	27	80
Glasgow	R	14	57	Tel Aviv	S	32	90
Helsinki	F	24	75	Tokyo	C	29	84
H. Kong	S	12	[illegible]	Toronto	S	18	65
Jo'burg	S	15	59	Vienna	F	23	71
Lisbon	R	18	64	Warsaw	R	23	73
London	R	14	57	Zurich	F	20	68
Luxemb'g	R	13	55				

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	F	23	73	Jersey	F	15	59
Algiers	S	27	81	Las Plms	S	22	72
Biarritz	F	20	68	Locarno	C	21	70
Blackpool	C	12	54	Luxor	S	44	111
Bordeaux	C	20	68	Majorca	S	24	75
Boulogne	R	12	54	Malaga	S	26	79
Casablnca	S	21	70	Malta	S	26	79
Cape Tn.	S	17	63	Nairobi	S	21	69
Corfu	S	26	79	Naples	F	24	75
Faro	S	23	73	Nice	S	22	72
Florence	F	24	75	Nicosia	S	33	92
Funchal	F	20	68	Oporto	C	16	61
Gibraltar	S	25	77	Salzburg	F	20	68
Guernsey	F	14	57	Tangier	S	21	70
Innsbruck	F	22	72	Tenerife	C	18	64
Inverness	R	11	52	Tunis	F	27	81
I. of Man	C	11	52	Valencia	S	29	84
Istanbul	F	19	66	Venice	F	24	75

F—Fair. R—Rain. S—Sunny. C—Cloudy.

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